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MEMORANDUM

TO: DOCUMENT CONTROL

FROM: Paul M. Dudek, Chief
Office of International Corporate Finance
Division of Corporation Finance

RE: INTERNATIONAL BANK RECORD DATA

FORM TYPE: AFDB

COMPANY NAME: African Development Bank

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AFRICAN DEVELOPMENT BANK

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AFRICAN DEVELOPMENT BANK

FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

**ADB Financial Statements for the Six Months Ended
June 30, 2005 and 2004**

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AFRICAN DEVELOPMENT BANK

BALANCE SHEET AS AT JUNE 30, 2005 AND 2004
(UA thousands - Note B)

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	2005	2004	Restated Note B
A S S E T S			
DUE FROM BANKS	151,357	121,540	
DEMAND OBLIGATIONS	3,800	3,800	
AMOUNTS RECEIVABLE FROM SWAPS			
Swaps receivable - Borrowings (Notes B & N)	351,092	183,262	
Swaps receivable - Investments (Notes B & I)	305,050	21,260	
	656,142	174,522	
INVESTMENTS (Notes B & I)			
Trading	2,991,836	2,336,862	
Held-to-maturity	2,101,489	2,014,200	
	5,093,325	4,351,062	
NON NEGOTIABLE INSTRUMENTS			
ON ACCOUNT OF CAPITAL (Note H)	29,807	39,148	
ACCOUNTS RECEIVABLE			
Accrued income and receivables from loans	508,473	441,638	
Less: Provision for loan receivables	(198,260)	(179,124)	
	310,213	262,514	
Other accounts receivable	381,381	164,556	
	691,594	427,070	
LOANS (Notes B, J, & V)			
Disbursed and outstanding	5,572,107	5,563,987	
Less Accumulated provision for loan losses	(193,457)	(208,173)	
	5,378,650	5,355,814	
EQUITY PARTICIPATION (Note K)			
ADF	111,741	111,741	
Other institutions	68,138	76,345	
Less: Accumulated provision for equity losses	(4,247)	(18,049)	
	63,891	58,296	
Total equity participation	175,632	170,037	
OTHER ASSETS			
Fixed assets (Note L)	16,581	19,529	
Miscellaneous	513	498	
	17,094	20,027	
TOTAL ASSETS	12,197,601	10,663,070	
			Restated Note B
			2004
LIABILITIES & EQUITY			
ACCOUNTS PAYABLE			
Accrued financial charges	205,463	147,779	
Other accounts payable	398,705	199,458	
	604,168	347,237	
SECURITIES SOLD UNDER AGREEMENTS TO			
REPURCHASE AND PAYABLE FOR CASH			
COLLATERAL RECEIVED			
	587,429	330,605	
AMOUNTS PAYABLE FOR SWAPS			
Swaps payable - Borrowings (Notes B & N)	285,793	294,986	
Swaps payable - Investments (Notes B & I)	314,150	36,620	
	599,943	331,606	
BORROWINGS (Note N)			
Embedded derivatives	5,926,230	5,327,192	
	10,075		
EQUITY			
Capital (Notes G, W & X)			
(in shares of UA 10 000 each)			
Authorised	21,870,000	21,870,000	
Less: Unsubscribed	(254,204)	(299,888)	
Subscribed Capital	21,615,796	21,570,112	
Less: Callable Capital	(19,376,246)	(19,376,489)	
Paid-up Capital	2,239,550	2,193,623	
Add: Amounts paid in advance	321	279	
	2,239,871	2,193,902	
Less: Amounts in arrears	(4,702)	(10,303)	
	2,235,169	2,183,599	
Cumulative Exchange Adjustment			
on Subscriptions (Note G)	(148,431)	(143,778)	
	2,086,738	2,039,821	
Reserves (Note F)			
General Reserve	2,584,171	2,663,159	
Net income for the preceding year			
Net income (Note F)	253,593	78,224	
Cumulative Currency Translation			
Adjustment (Note B)	(454,746)	(454,824)	
Total Reserves	2,383,018	2,286,559	
Total Equity	4,469,756	4,326,380	
TOTAL LIABILITIES & EQUITY	12,197,601	10,663,070	

The accompanying notes to the financial statements form part of this statement.

**STATEMENT OF INCOME AND EXPENSES
FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004**

(UA thousands - Note B)

	2005	Restated Note B 2004
OPERATIONAL INCOME & EXPENSES		
Income from loans		
Interest	160,065	155,071
Commitment charges	3,005	3,982
Statutory commission	1,073	1,539
Income from investments (Note I)	79,272	58,550
Total income from loans and investments	243,415	219,142
Borrowing expenses (Note N)		
Interest	(107,401)	(95,576)
Amortization of issuance costs	(1,163)	(1,565)
Provision for loan impairment (Note J)		
Loan principal	14,338	-
Loan interest and charges	(4,539)	(14,299)
Net operational income	144,650	107,702
ADMINISTRATIVE EXPENSES, net (Note M)	17,684	15,645
Other income	(12,532)	(2,912)
Depreciation	3,343	2,654
Sundry expenses	717	403
Total other expenses (net)	9,212	15,790
Operating income	135,438	91,912
Unrealized net loss on non-trading derivatives - IAS 39 adjustment (Notes B & N)	118,155	(13,688)
NET INCOME	253,593	78,224

The accompanying notes to the financial statements form part of this Statement.

**STATEMENT OF COMPREHENSIVE INCOME AND CHANGES
IN RESERVES FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004**

(UA thousands - Note B)

	2005	Restated (Note B) 2004
Net Income	253,593	78,224
Other comprehensive income/(losses):		
Currency translation adjustment	13,228	(3,115)
Total other comprehensive income/(losses)	13,228	(3,115)
COMPREHENSIVE INCOME	266,821	75,109
Reserves at 1 January:		
General	2,728,172	2,777,799
Cumulative Currency Translation Adjustment (CCTA)	(467,975)	(451,709)
Total reserves at 1 January	2,260,197	2,326,090
Board of Governors-approved allocations/transfers:		
Middle Income Country Technical Assistance Fund	(15,000)	-
Post Conflict Assistance - DRC	(36,700)	(53,640)
African Development Fund	(46,300)	(10,000)
Heavily Indebted Poor Countries	(11,000)	(6,000)
Special Relief Fund	(5,000)	-
Post Conflict Assistance	(30,000)	(45,000)
Total net Income allocation /transfers	(144,000)	(114,640)
Reserves at the end of the period	2,383,018	2,286,559
Reserves at the end of the period composed of:		
General	2,837,764	2,741,383
Cumulative Currency Translation Adjustment (CCTA)	(454,746)	(454,824)
Total reserves at the end of the period	2,383,018	2,286,559

The accompanying notes to the financial statements form part of this Statement.

AFRICAN DEVELOPMENT BANK

STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED
JUNE 30, 2005 AND 2004
(UA thousands - Note B)

Page 4

Restated
(Note B)

Cash flows from:	2005	2004
Operating activities:		
Net income	253,592	78,224
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,343	2,654
Provision for loan losses	(9,800)	14,299
Unrealised gains/ losses on investments and asset swaps	12,073	(1,868)
Amortization of discount or premium on held-to-maturity investments	3,712	10,289
Amortization of borrowing costs	1,163	1,565
Derivative asset movement	(118,155)	13,688
Profit on disposal of equity investments	-	-
Losses on exchange	717	403
Changes in accrued income on loans and investments	(41,430)	17,032
Changes in accrued financial charges	26,038	57,370
Changes in other receivables and payables	(8,618)	(82,339)
Net cash provided by operating activities	122,635	111,317
Investing, lending and development activities:		
Disbursements on loans	(180,073)	(231,084)
Repayments of loans	235,310	661,238
Investments maturing after 3 months of acquisition:		
Held-to-maturity portfolio	6,085	(199,729)
Trading portfolio	(174,580)	(44,734)
Payment of allocation of Net income	(107,700)	(6,000)
Changes in other assets	(2,299)	(1,338)
Equity participations disposals	-	(5,025)
Equity participations acquisitions	851	(73)
Net cash used in lending and development activities	(222,406)	173,255
Financing activities:		
New issues on borrowings	113,657	-
Repayments on borrowings	(21,200)	(411,589)
Net cash from currency swaps	(22,277)	(21,080)
Net cash from capital subscriptions	36,989	18,332
Net cash provided by financing activities	107,169	(414,337)
Effect of exchange rate changes on:		
Cash and investments	(18,685)	(14,833)
Decrease in cash and investments	(11,287)	(144,598)
Cash and investments at beginning of the period	531,662	637,113
Cash and investments at the end of the period	520,375	492,515
Composed of:		
Investments maturing within 3 months of acquisition		
Held to Maturity portfolio	10,200	29,170
Trading portfolio	946,048	672,410
Securities sold under agreements to repurchase and payable for cash collateral received	(587,430)	(330,605)
Cash	151,557	121,540
	520,375	492,515
Supplementary disclosure:		
Movement resulting from exchange rate fluctuations		
Loans	18,137	24,160
Borrowings	183,840	2,084
Currency swaps	(164,847)	(17,882)

The accompanying notes to the financial statements form part of this Statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED JUNE 30, 2005 AND 2004

Note A – Operations and Affiliated Organizations

The African Development Bank (ADB or the Bank) is a multilateral development finance institution dedicated to the economic and social progress of its regional member states. The Bank finances development projects and programs in its regional member states, typically in cooperation with other national or international development institutions. In furtherance of this objective, the Bank participates in the selection, study and preparation of projects contributing to such development and, where necessary, provides technical assistance. The Bank also promotes investments of public and private capital in projects and programs designed to contribute to the economic and social progress of the regional member states. The activities of the Bank are complemented by those of the African Development Fund (ADF or the Fund), which was established by the Bank and certain countries; and the Nigeria Trust Fund (NTF), which is a special fund administered by the ADB. Notably, each of the ADB, ADF, and NTF has separate assets and liabilities, and the ADB is not liable for their respective obligations. The ADF was established to assist the Bank in contributing to the economic and social development of the Bank's regional members, to promote cooperation and increased international trade particularly among the Bank's members, and to provide financing on concessional terms for such purposes.

Note B – Summary of Significant Accounting Policies

The Bank's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention except for fair valuation of certain financial assets and financial liabilities and all derivative contracts where it adopts the fair value basis of accounting.

The significant accounting policies employed by the Bank are summarized below.

Accounting for Derivatives

The Bank adopted the original International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement", on January 1, 2001. IAS 39 requires that all derivatives be measured at fair value and reported on the balance sheet. The Bank uses derivative instruments in its portfolios for asset/liability management, cost reduction, risk management and hedging purposes. Although IAS 39 allows special hedge accounting for certain qualifying hedging relationships, the application of such special hedge accounting criteria does not make evident the asset/liability and risk management strategy of the Bank and would result in certain hedged instruments being carried at fair value, while other similar hedged instruments are carried at amortized cost. Consequently, the Bank has elected not to define any qualifying hedging relationships, but rather marks all derivatives to fair value, with all changes in fair value recognized in income. The effect of the adoption of IAS 39 relates primarily to the derivatives in the borrowings portfolio.

Upon adoption of IAS 39, a transition adjustment was made directly to retained earnings. This transition adjustment represented primarily the difference between the carrying value and the fair value of the embedded derivatives and derivative instruments as defined in IAS 39 in the borrowing portfolio and loan portfolio as at January 1, 2001, offset by any gain or losses on those borrowings for which fair value exposure was being hedged.

Accounting and Financial Reporting Developments

In 2003 and 2004, the International Accounting Standards Board (IASB) revised several International Accounting Standards, including IAS 39, as part of ongoing efforts to eliminate redundancies or inconsistencies between existing standards. The revised standards are to be applied for fiscal years beginning on or after January 1, 2005. The Bank is in the process of implementing the revised standards to its financial statements starting in 2005. This has resulted in certain significant changes, particularly relating to the provisioning or allowance for impairment on loans.

Monetary Basis of Financial Statements

The financial statements are presented in Units of Account (UA). The value of the Unit of Account is defined in Article 5.1 (b) of the Agreement Establishing the Bank (the Agreement) as equivalent to one Special Drawing Right (SDR) of the International Monetary Fund (IMF) or any unit adopted for the same purpose by the IMF.

Translation of Currencies

As a multilateral development institution, the Bank conducts its operations in the currencies of its member countries. The Bank therefore considers the member countries' currencies as its functional currencies. The Bank's financial statements are presented in UA because no single member country currency will adequately reflect the multi-currency environment in which the Bank operates. The Bank has risk management policies intended to minimize the effect of foreign exchange fluctuations on its financial statements. These include balancing the currency composition of its net asset to reflect the currency composition of the SDR. Income and expenses are translated to UA at the rates prevailing on the date of the transaction. Assets and liabilities other than non-monetary items denominated in UA are translated into UA at rates prevailing at the balance sheet date. Translation differences are debited or credited directly to retained earnings under Cumulative Currency Translation Adjustment (CCTA) and also reported as part of "Other Comprehensive Income". Capital Subscriptions are recorded in UA at the rates prevailing at the time of receipt. This is composed of the UA amount at the predetermined rate net of the difference between the predetermined rate and the rate at the time of receipt. Such difference is described in the Financial Statements as Cumulative Exchange Adjustment on Subscriptions (CEAS).

When currencies are converted into other currencies, the resulting gains or losses are included in the determination of net income.

Revenue recognition

Interest income is accrued based on the terms of the related financial instrument and for the time that such instrument is outstanding and held by the Bank, using the effective interest rate applicable, which is the rate that discounts the estimated future cash flows through the expected life of the financial asset to the asset's net carrying amount.

Income from investment includes realized and unrealized gains and losses on trading financial instruments and the amortization of premiums and discounts calculated on the constant yield basis for the held-to-maturity financial instruments.

Loans

The Bank's loan portfolio comprises loans guaranteed by borrowing member countries as well as certain other non-sovereign guaranteed loans. Amounts disbursed on loans are repayable in the currency or currencies disbursed by the Bank or in other freely convertible currency or currencies approved by the Bank. The amount repayable in each of these currencies shall be equal to the amount disbursed in the original currency. Loans are granted for a maximum period of twenty years, including a grace period, which is typically the period of project implementation.

Prior to January 1, 2005, the Bank placed in non-accrual status all loans to, or guaranteed by a member country, if principal, interest or other charges with respect to any such loan were overdue by six months or more, unless the Bank's management determined that the overdue amount will be collected in the immediate future. Further, management placed a loan in non-accrual status even if it was not yet overdue by six months, if the specific facts and circumstances including consideration of events occurring subsequent to the balance sheet date warranted such action. In addition, if loans made by African Development Fund (ADF) or the Nigeria Trust Fund (NTF) to a member country were placed in non-accrual status, all loans made to or guaranteed by that member country were also placed in non-accrual status by the Bank. When a loan is placed in non-accrual status, all related unpaid interest and other charges are reversed against current income. Interest and other charges on loans in non-accrual status are included in income only when actually received by the Bank.

In general, loans are returned to accrual status immediately after the related arrears have been cleared. However, certain loans that have become current may continue to be carried in non-accrual status until after a period of satisfactory performance. Upon the adoption of the revised IAS 39 on January 1, 2005, the Bank no longer placed loans in non-accrual status. Interest and charges are accrued on all loans including those in arrears. The Bank makes an assessment of the extent of impairment in the total amount (principal and charges) contractually due from borrowers when there is objective evidence that an impairment loss has been incurred, and makes a provision for such impairment. For sovereign-guaranteed loans, the estimated impairment arises from delays that may be experienced in receiving amounts due. For non-sovereign-guaranteed loans, the impairment reflects management's best estimate of the non-collectibility, in whole or in part, of amounts due. Using an incurred loss model, the amount of the provision is determined as the difference between the carrying value of the loans and receivable and the present value of the estimated future cash flows discounted at the effective interest rate.

It is the Bank's practice not to reschedule interest or principal payments on its loans or participate in debt rescheduling agreements with respect to its loans.

Arrears Clearance Operations

The Democratic Republic of Congo (DRC)

In connection with an internationally coordinated effort between the Bank, the International Monetary Fund (the IMF), the World Bank and other bilateral and multilateral donors to assist the Democratic Republic of Congo (DRC) in its reconstruction efforts, the Board of Directors on June 26, 2002 approved an arrears clearance plan for the DRC. Under the arrears clearance plan, contributions received from the donor community were used immediately for partial clearance of the arrears owed by the DRC. The residual amount of DRC's arrears to the Bank and loan amounts not yet due have been consolidated into new contractual receivables, such that the present value of the new loans equals the present value of the amounts that were owed under the previous contractual terms. The new loans carry the weighted average interest rate of the old loans. In approving the arrears clearance plan, the Board of Directors considered the following factors: a) the arrears clearance plan is part of an internationally coordinated arrangement for the DRC; b) the magnitude of DRC's arrears to the Bank ruled out conventional solutions; c) the prolonged armed conflict in the DRC has created extensive destruction of physical assets, such that the DRC had almost no capacity for servicing its debt; and d) the proposed package would result in a significant improvement in its repayment capacity, if appropriate supporting measures are taken. Furthermore, there was no automatic linkage between the arrears clearance mechanism and the debt relief that may be subsequently provided on the consolidated facility. In June 2004, the DRC reached its decision point under the Heavily Indebted Poor Countries (HIPC) initiative. Consequently, the consolidated facility has since that date benefited from partial debt service relief under HIPC.

A special account, separate from the assets of the Bank, has been established for all contributions towards the DRC arrears clearance plan. Such contributions may include allocations of the net income of the Bank that the Board of Governors of the Bank may from time to time make to the special account, representing the Bank's contribution to the arrears clearance plan. The amount of such net income allocation is subject to the approval of the Boards of Governors of the Bank, typically occurring during the annual general meeting of the Bank. Consequently, income received on the consolidated DRC loans is recognized in current earnings and is transferred out of reserves to the special account only after the formal allocation, in whole or in part, of such amount by the Board of Governors of the Bank. The amount of income from the DRC consolidated loan included in the reported earnings is disclosed in Note J.

Assistance to Post-Conflict Countries

The Bank has established a framework to assist post-conflict countries in clearing their loan arrears to the Bank Group. The framework entails the setting aside of a pool of resources with contributions from the ADB net income allocations and contributions from the ADF. Contributions would also be accepted from third parties that are interested in facilitating the process of re-engaging the post-conflict countries in the development process and in assisting them to reach the Heavily Indebted Poor Countries (HIPC) decision point. Resources would be provided on a case-by-case basis to genuine post-conflict countries not yet receiving debt relief to fill financing gaps after maximum effort by the post-conflict country to clear its arrears to the Bank Group. In this connection, the Board of Governors by its Resolution B/BG/2004/07 of May 25, 2004 approved an allocation of UA 45 million from the 2003 net income of the Bank, to the Post-Conflict Countries Fund (PCCF). Contributions received from ADB will not be used to clear debts owed to the Bank by beneficiary post-conflict countries. The resources of the PCCF are kept separate and distinct from those of the ADB.

Equity Investments

The Bank may take equity positions in privately owned productive enterprises and financial intermediaries, or public sector companies that are in the process of being privatised or regional and sub-regional institutions. The Bank's objective in such equity investments is to promote the economic development of its regional member countries and in particular the development of their private sectors. The Bank's equity participation is also intended to promote efficient use of resources, promoting African participation, playing a catalytic role in attracting other investors and lenders and mobilizing flow of domestic and external resources to financially viable projects which also have significant economic merit.

According to the Bank's policies, the equity interest in any institution should not exceed twenty five percent (25%) of the total equity capital of the institution. The Bank therefore **does** not seek a controlling interest in the companies in which it invests but closely monitors its equity investments through Board representation. In accordance with the Board of Governors' Resolution B/BG/2001/09 of May 29, 2001, total equity investment by the Bank shall not at any time exceed ten percent (10%) of the aggregate amount of the Bank's paid-up capital and reserves and surplus included in its ordinary capital resources.

The Bank classifies its equity investments as available for sale. Generally, there are no quoted market prices for the Bank's equity investments. Consequently, the fair values of the equity investments are estimated if reasonably determinable; otherwise equity investments are carried at cost. The Bank records changes in fair value through reserves, as disclosed in the Statement of Comprehensive Income and Changes in Reserves, until the investment is sold, at which time the cumulative profit or loss previously recognized in reserves is included in the income statement. Equity investments for which fair value cannot be reliably measured are reported at cost less provision for losses for estimated permanent and lasting decline in value. The investments for which fair value cannot be reliably measured typically relate to sub-regional and national development institutions. Investments in these institutions are made with a long-term development objective, including capacity building. The shares of such institutions are not listed and also not available for sale to the general public. Only member states or institutions owned by member states are allowed to subscribe to the shares of these institutions. Provision for losses on impaired equity investments are included in the income statement.

Fixed Assets

Land is stated at cost, including charges for reclamation. No depreciation is provided.

Buildings are shown at cost less accumulated depreciation. Depreciation is calculated at a rate which is expected to amortize the cost in equal annual installments over the useful life, which is estimated at between 15 to 20 years. Financial charges incurred in connection with funds borrowed for the construction of buildings are capitalized during the construction period. Major improvements are depreciated over the remaining period of the estimated useful life of the building concerned. Leasehold improvements are amortized over the lesser of the remaining lease term or the estimated useful life of the improvement.

Fixtures and fittings, furniture and equipment, motor vehicles and computer system software are stated at cost less accumulated depreciation. Such assets are depreciated on a straight line basis with no salvage values. Fixtures and fittings are depreciated over periods ranging from 6 to 10 years. Furniture and equipment are depreciated over periods ranging between 3 to 7 years. Computer system software are depreciated over periods ranging from 3 to 5 years while motor vehicles are depreciated over 5 years.

Accounting For Leases

The Bank has entered into several operating lease agreements, including those for its offices in Tunisia and in certain regional member countries. Under such agreements, all the risks and benefits of ownership are effectively retained by the lessor. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination takes place.

Borrowings

In the ordinary course of its business, the Bank borrows worldwide in the major capital markets. The proceeds of such borrowings are used for lending and liquidity purposes. The Bank issues debt instruments denominated in various currencies, with differing maturities at fixed or variable interest rates. Certain of the Bank's borrowings contain embedded derivatives that are required under IAS 39 to be separated from the host contract and carried on the balance sheet at fair value. Fair value is based on market quotations when possible or on discounted cash flow models using market estimates of cash flows and discount rates. The models use market-sourced inputs such as interest rates, yield curves, exchange rates and option volatilities. Selection of these inputs may require judgement. All financial models used for valuing the Bank's financial instruments are subject to internal and periodic external reviews.

In compliance with IAS 39, where it has not been possible to reliably measure such embedded derivatives, the combined contracts associated with these borrowings have been carried at fair value on the balance sheet. Other borrowings are carried on the balance sheet at par value (face value) adjusted for unamortized premiums or discounts. The unamortized balance of the issuance costs are netted off against borrowings in the balance sheet. Borrowing expenses include the amortization of issuance costs, discounts and premiums, which is determined on an effective yield basis.

The Bank uses derivatives in its borrowing and liability management activities to take advantage of cost savings opportunities and to lower its funding costs. These instruments include currency swaps and interest rate swaps. The derivatives are used to modify the interest rate or currency characteristics of the borrowing portfolio and are linked to the related borrowings at inception and remain so throughout the terms of the contracts. The interest component of these derivatives is disclosed as borrowing cost over the life of the derivative contract and included in the income statement. Prior to the adoption of IAS 39, all borrowings-related derivatives were recorded on a historical cost basis. However, upon adoption of IAS 39 these derivatives are carried at market value on the balance sheet. The Bank uses trade date for recording its borrowing transactions.

Investments

Investment securities are classified based on management's intention on the date of purchase. Securities which management has the intention and ability to hold until maturity are classified as held-to-maturity and reported at amortized cost. Held-to-maturity and trading investments maturing within six months from their date of acquisition are included in liquidity in the Statement of Cash Flows. Investments in the trading portfolio, recorded on trade date basis, are carried and reported at market values and related unrealized gains and losses are included in income.

The Bank uses derivative instruments, such as over-the-counter foreign exchange forwards, currency swaps, cross currency interest rate swaps and interest rate swaps, in the management of its trading portfolio. These derivatives are carried at market value and related gains and losses are included in trading income.

Securities purchased under resale agreements and securities sold under repurchase agreements are reported at market rates. Securities sold under repurchase agreements were outstanding as at end of the year. The Bank receives securities purchased under resale agreements, monitors the fair value of the securities and if necessary may require additional collateral.

Fair Value Disclosure

Unless otherwise specified, financial instruments for which market quotations are available have been valued at the prevailing market value. Financial instruments for which market quotations are not readily available have been valued using methodologies and assumptions that necessarily require the use of subjective judgments. Accordingly, the actual value at which such financial instruments could be exchanged in a current transaction or whether they are actually exchangeable is not readily determinable. Management believes that these methodologies and assumptions are reasonable, however, the values actually realized in a sale might be different from the fair values disclosed.

The methods and assumptions used by the Bank in estimating the fair values of financial instruments are as follows:

Cash: The carrying amount reported in the Balance Sheet is the fair value.

Investments: Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Swaps: Fair values for the Bank's interest rate and currency swaps are based on quoted market prices or pricing models and represent the amounts that the Bank would receive or pay to terminate the agreements based upon market quotes.

Borrowings: The fair values of the Bank's borrowings are based on quoted market prices, where available or at par where market prices are not available.

Equity Investments: The underlying assets of the Bank's equity investments carried at fair value are periodically fair valued both by the fund managers and independent valuation experts using appropriate approaches. Where such underlying assets represent investments in listed enterprises, fair values are based on the latest available quoted bid prices. On the other hand, where the underlying assets represent investments in unlisted enterprises, fair values are assessed using appropriate methods, for example, discounted cash flows. The fair value of the Bank's investments in these funds is estimated as the Bank's percentage ownership of the net asset value of the Funds.

Derivative Financial Instruments: The fair values of derivative financial instruments are based on market quotations when possible or on discounted cash flow models using market estimates of cash flows and discount rates. The models use market-sourced inputs such as interest rates, yield curves, exchange rates and option volatilities. All financial models used for valuing the Bank's financial instruments are subject to both internal and periodic external reviews.

Loans: ADB currently does not sell its loans, nor does it believe there is a comparable market for its loans. The estimated fair value of loans is calculated as detailed in Note J for the various types of loans .

Post-Retirement Benefits

The Bank maintains a defined benefit pension plan for its employees which provide benefit payments to participants upon retirement. Actuarial gains or losses that arise on post retirement benefits are recognized in the income statement in accordance with IAS 19. At the beginning of the reporting period, the unrecognized net actuarial gains or losses are compared with the greater of 10 percent of the present value of the defined benefit obligation and 10 percent of the plan assets. Any excess is recognized in the income statement as an actuarial gain or loss over the expected average remaining working lives of the employees participating in the plan.

With effect from January 2003, the Bank revised its Staff Medical Benefit Plan. The revised Plan provides medical coverage for staff members and their dependants, certain retired staff members, survivors of staff members and staff on disability. Under the Plan, staff members or retirees contribute a percentage of their salary or pension toward the financing of the plan. The Bank also contributes twice the total staff contribution toward the medical plan. A medical benefits plan board, composed of selected officers of the Bank and representatives of retirees and the staff association, oversees the management and activities of the benefit plan. The contributions from the Bank, staff and retirees are deposited in a trust account.

Comprehensive Income

Comprehensive income consists of net income and other gains and losses affecting equity that, under International Financial Reporting Standards, are excluded from net income. For the Bank, comprehensive income comprises currency translation adjustments, unrealized gains or losses on equity investments carried at fair value and net income. These items are presented in the Statement of Comprehensive Income and Changes in Reserve.

Accounting Estimates and Judgment

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make certain estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent liabilities. Actual results could differ from such estimates. Significant judgment has been used in deciding on the investments to be held to maturity and in the estimation of fair values of loans, borrowings and equity participation. Significant judgment has also been used in the determination of the time-in-default and the expected cash flow on loans and receivable in default for the purposes of the determination of the accumulated provision for loan losses and equity participations. The key assumptions and judgments made in respect of provisions for impairment on loans and receivables are capable of causing material adjustments to the carrying amounts of loans and receivables that are impaired on the balance sheet date.

Restatement and reclassification of prior period financial statements

During 2005, the Bank changed its policy for recognition of income on non-performing loans as well as the basis for calculation of impairment provision on its loans. In previous periods, income on loans in arrears of payment of principal or charges is non-accrued and therefore not reported in the profit and loss account. Also, loan impairment was calculated on outstanding principal balance using an expected loss model as the basis for the determination of the impairment. As a result of the revision to IAS 39, with effect from January 1, 2005, the Bank no longer places loans in non-accrual status. Interest and charges on all loans including those in arrears are accrued and reported in the profit and loss account. Also provision for impairment is now calculated on both principal outstanding and charges receivable from borrowers with evidence of impairment. Such impairment calculations are based on incurred loss model as against the expected loss model previously used for the calculation of impairment on loan principals outstanding.

These changes in policy and basis for determination of impairment have been accounted for retrospectively, and the comparative financial statements for 2004 have been restated.

In addition, certain reclassification of prior years amounts have been made to conform to the presentation in the current period.

Note C – Exchange rates

The rates used for translating currencies into Units of Account at June 30, 2005 and 2004 are as follows:

	<u>2005</u>	<u>2004</u>
1 UA = SDR =		
Algerian Dinar	109.305000	104.932000
Angolan Kwanza	131.236000	121.320000
Botswana Pula	8.012180	6.810130
Brazilian Real	3.429010	4.570950
Canadian Dollar	1.785230	1.965320
Chinese Yuan	12.055700	12.135300
CFA Franc	790.172000	791.261000
Danish kroner	8.976100	8.965630
Egyptian Pound	8.537450	9.097280
Ethiopian Birr	13.082100	12.529900
Euro	1.204610	1.206270
Gambian Dalasi	45.178100	39.053800
Ghanaian Cedi	13,372.000000	13,137.600000
Guinean Franc	2,932.050000	2,964.240000
Indian Rupee	63.377400	67.416800
Japanese Yen	160.810000	158.909000
Kenyan Shilling	113.655000	116.583000
Korean Won	1,492.150000	1,689.820000
Kuwaiti Dinar	0.425331	0.432096
Libyan Dinar	1.932370	1.932370
Mauritian Rupee	42.816800	41.133800
Moroccan Dirham	13.157300	13.203200
Nigerian Naira	195.180000	193.517000
Norwegian Krone	9.535160	10.176700
Pound Sterling	0.812163	0.809313
Sao Tomé Dobra	15,330.400000	14,360.100000
Saudi Arabian Riyal	5.462300	5.498340
South African Rand	9.686450	9.193200
Swedish Krona	11.387100	11.066300
Swiss Franc	1.871600	1.838350
Tunisian Dinar	1.905190	1.849240
Ugandan Shilling	2,599.980000	2,774.820000
US Dollar	1.456610	1.466220
Zimbabwean Dollar	8,250.410000	7,844.980000

No representation is made that any currency held by the Bank can be or could have been converted into any other currency at the cross rates resulting from the rates indicated above.

Note D – Special Funds

Under Article 8 of the Agreement Establishing the Bank, the Bank may establish or be entrusted with the administration of special funds. At June 30, 2005 and 2004, the following funds were held separately from those of the ordinary capital resources:

1. The Nigeria Trust Fund was established under an agreement signed on February 26, 1976 (the Agreement) between the African Development Bank and the Federal Republic of Nigeria. The Agreement stipulates that the Fund shall be in effect for a period of 30 years from the date of the Agreement and that the resources of the Fund shall be transferred to Nigeria upon termination. However, the 30-year sunset period may be extended by mutual agreement between the Bank and Nigeria. The initial capital of this Fund was Naira 50 million payable in two equal installments of Naira 25 million each, in freely convertible currencies. The first installment, equivalent to US\$ 39.90 million, was received by the Bank on July 14, 1976, and payment of the second installment, equivalent to US\$ 39.61 million, was made on February 1, 1977.

During May 1981, the Federal Republic of Nigeria announced the replenishment of the Fund with Naira 50 million. The first installment of Naira 35 million (US\$ 52.29 million) was paid on October 7, 1981. The second installment of Naira 8 million (US\$ 10.87 million) was received on May 4, 1984. The payment of the third installment of Naira 7 million (US\$ 7.38 million) was made on September 13, 1985.

The resources of the Nigeria Trust Fund at June 30, 2005 and 2004 are summarized below:
(UA thousands)

	2005	2004
Contribution received	128 586	128 586
Funds generated (net)	369 235	360 781
Adjustment for translation of currencies	<u>(100 815)</u>	<u>(104 263)</u>
	<u>397 006</u>	<u>385 104</u>
Represented by:		
Due from banks	981	862
Investments	320 982	321 659
Interest & charges receivable on loans	9 826	10 804
Accrued interest on loans and investments	3 896	439
Other amounts receivable	4	358
Loans outstanding	<u>71 365</u>	<u>68 847</u>
	407 054	402 969
Less Current accounts payables	<u>(10 048)</u>	<u>(17 865)</u>
	<u>397 006</u>	<u>385 104</u>

2. The Special Relief Fund (for African countries affected by drought) was established by Board of Governors' Resolution 20-74 to assist African countries affected by unpredictable disasters. The purpose of this fund was subsequently expanded in 1991 to include the provision of assistance, on a grant basis, to research institutions whose research objectives in specified fields are likely to facilitate the Bank's objective of meeting the needs of regional member countries in those fields.

The resources of the Fund consist of contributions by the Bank, the African Development Fund and various member states.

The summary statement of the resources and assets of the Special Relief Fund (for African countries affected by drought) as at June 30, 2005 and 2004 follows:

(UA thousands)

	2005	2004
Fund balance	47 448	42 448
Funds generated	3 142	2 987
Funds allocated to SDA	1	1
Less: Relief disbursed	<u>(39 059)</u>	<u>(35 375)</u>
	<u>11 532</u>	<u>10 061</u>
Represented by:		
Due from Bank	672	767
Investments	6 352	9 622
Amount receivable from ADB	5 000	-
Accrued interest on investments	<u>8</u>	<u>14</u>
	12 032	10 403
Less: Account Payable	<u>(500)</u>	<u>(342)</u>
	<u>11 532</u>	<u>10 061</u>

At June 30, 2005, a total of UA 3.26 million (2004: UA 1.53 million) had been committed but not yet disbursed under the Special Relief Fund.

3. The Staff Retirement Plan (the Plan), a defined benefit plan established under Board of Governors' Resolution 05-89 of May 30, 1989, became effective on December 31, 1989, following the termination of the Staff Provident Fund. In November 2004, the Board of Directors of the Bank approved certain revisions to the Plan, including simplification of the calculation of the employee contribution rate, more explicit reference to the Bank's residual responsibility and rights as the Plan sponsor, changes in survivor child benefits and an increase in the pension accumulation rate from 2 percent to 2.5 percent for each year of service. The past service cost associated with these changes amounted to UA 1.64 million and has been recorded in 2004. Every person employed by the Bank on a full-time basis, as defined in the Bank's employment policies, is eligible to participate in the Plan, upon completion of 6 months service without interruption of more than 30 days.

The Plan is administered as a separate fund by a committee of trustees appointed by the Bank on behalf of its employees. Most participants have switched to the revised plan. Staff joining the Bank after January 1, 2005 can benefit only from the revised Plan. Under the revised Plan, employees contribute at a rate of 9 percent of regular salary. A tax factor used in the previous Plan has been eliminated. The Bank typically contributes twice the employee contribution, but may vary such contribution based on the results of annual actuarial valuations.

All contributions to the Plan are irrevocable and are held by the Bank separately in a retirement fund to be used in accordance with the provisions of the Plan. Neither the contributions nor any income thereon shall be used for or diverted to purposes other than the exclusive benefit of active and retired participants or their beneficiaries or estates, or to the satisfaction of the Plan's liabilities. At June 30, 2005, virtually all of the investments of the Plan were under external management and these were invested in indexed funds, with the following objectives: a) Equity portfolio – to track as closely as possible, the returns of the Morgan Stanley Capital International World Index as well as hedging the currency exposure of the Plan's anticipated future liabilities; b) Bond portfolio – to track as closely as possible, the returns of the Citigroup World Government Bond Index as well as hedge the currency exposure of the Plan's anticipated future liabilities.

In accordance with IAS 19, and based on actuarial valuations, the pension expense for 2005 and 2004 for the Bank, the African Development Fund and the Nigeria Trust Fund combined (the Bank Group) comprised the following:

(UA million)	2005	2004
Current service cost	14.02	14.37
Interest cost	8.23	7.56
Expected return on plan assets	(7.61)	(6.22)
Net actuarial (gain)/loss recognized in the year	2.17	3.15
Past service cost	<u>1.64</u>	-
Gross pension cost	18.45	18.86
Less: estimated employee contributions	<u>(4.47)</u>	<u>(4.14)</u>
Pension expense for the Period	<u>13.98</u>	<u>14.72</u>

The pension expense for the first six months of 2005 for the Bank Group amounted to UA 6.00 million (2004: UA 6.06 million).

There were no unrecognized past service costs at June 30, 2005. Assumptions used in the latest available actuarial valuations at June 30, 2005 and 2004 were as follows:

In percent

	2005	2004
Discount rate	5.00	5.25
Expected return on plan assets	6.00	6.00
Rate of salary increase	3.00	3.50
Future pension increase	<u>2.50</u>	<u>2.50</u>

4. Staff Medical Benefit Plan: The staff medical benefit plan was created under the Board of Directors' resolution B/BD/2002/17 and F/BD/2002/18 of July 17, 2002 and became effective on January 1, 2003. Contributions by the Bank to the Staff Medical Plan for the six months ended June 30, 2005 totaled UA 0.95 million (2004: UA 1.71 million). A detailed actuarial valuation of the Plan will be carried out before the end of 2005.

Note E – Trust Funds

The Bank has been entrusted, under Resolutions 11-70, 19-74 and 10-85 of the Board of Governors, with the administration of the Mamoun Beheiry Fund, the Arab Oil Fund, and the Special Emergency Assistance Fund for Drought and Famine in Africa. These funds, held separately from those of the ordinary resources of the Bank, are maintained and accounted for in specific currencies, which are translated into Units of Account at exchange rates prevailing at the end of the year.

1. **The Mamoun Beheiry Fund** was established under Board of Governors' Resolution 11-70 of October 31, 1970, whereby Mr. Mamoun Beheiry, former President of the Bank, agreed to set up a fund which could be used by the Bank to reward staff members who had demonstrated outstanding performance in fostering the objectives of the Bank.
2. **The Arab Oil Fund (contribution of Algeria)** was established following Board of Governors' Resolution 1974 of July 4, 1974. Under a protocol agreement dated November 15, 1974, the Bank received the sum of US\$ 20 million from the Government of Algeria to be kept as a Trust Fund from which loans could be granted to member countries affected by high oil prices. On August 11, 1975, an amount of US\$ 5.55 million was refunded to Algeria upon request, leaving a balance of US\$ 14.45 million, from which loans refundable directly to Algeria have been made. At June 30, 2005, a total of US\$ 13.45 million (2004: US\$ 13.45 million) had been so repaid.
3. **The Special Emergency Assistance Fund for Drought and Famine in Africa (SEAF)** was established by the 20th Meeting of Heads of State and Government of member countries of the African Union formerly Organization of African Unity (OAU) held in Addis Ababa, Ethiopia, from November 12 to 15, 1984, under Resolution AHG/Res. 133 (XX), with the objective of giving assistance to African member countries affected by drought and famine.

The financial highlights of these Trust Funds at June 30, 2005 and 2004 are summarized below:

(UA thousands)		2005	2004
A)	Mamoun Beheiry Fund		
	Contribution	152	152
	Income from Investments	<u>198</u>	<u>187</u>
		350	339
	Less: Prize Awarded	(30)	(13)
	Gift	<u>(25)</u>	<u>(25)</u>
		<u>295</u>	<u>301</u>
	<i>Represented by:</i>		
	Short-term deposits	16	286
	Due from banks	277	13
	Accrued Interest	<u>2</u>	<u>2</u>
		<u>295</u>	<u>301</u>
B)	Arab Oil Fund (contribution of Algeria)		
	Net Contribution	<u>687</u>	<u>682</u>
	<i>Represented by:</i>		
	Loans Disbursed net of repayments	<u>687</u>	<u>682</u>
C)	Special Emergency Assistance Fund for Drought and Famine in Africa		
	Contributions	21 614	21 472
	Funds Generated	<u>5 216</u>	<u>5 093</u>
		26 830	26 565
	Relief Granted	<u>(22 580)</u>	<u>(22 432)</u>
		<u>4 250</u>	<u>4 133</u>
	<i>Represented by:</i>		
	Due from banks	200	166
	Investments	4 047	3 962
	Accrued Interest	<u>3</u>	<u>5</u>
		<u>4 250</u>	<u>4 133</u>
	Total Resources & Assets of Trust Funds	<u>5 232</u>	<u>5 116</u>

Note F – Reserves and Net Income Allocations

The total reserves of the Bank comprise General Reserves, plus net income of the current period and translation gains or losses. The General Reserve represents retained earnings, after allocations of net income by the Board of Governors. In addition, the General Reserve includes a transition adjustment of UA 10.80 million relating to the adoption of IAS 39 on January, 2001. With effect from January 1, 2005, the Bank adopted certain revisions to IAS 39 relating to the treatment of arrears on loan interest and charges previously non-accrued and also to the basis for the determination of impairment on loans. As a result of the application of such revisions reserves have increased by UA 773.42 million.

Note G – Capital Stock

The Fifth General Capital Increase (GCI-V) was approved by the Board of Governors of the Bank on May 29, 1998 and became effective on September 30, 1999 upon ratification by member states and entry into force of the related amendments to the Agreements establishing the Bank. The GCI-V increased the authorized capital of the Bank by 35 percent from 1.62 million shares to 2.187 million shares with a par value of UA 10,000 per share. The GCI-V shares, a total of 567,000 shares, are divided into paid-up and callable shares in proportion of six percent (6 %) paid-up and ninety-four percent (94%) callable. The GCI-V shares were allocated to the regional and non-regional members such that, when fully subscribed, the regional members shall hold 60 percent of the total stock of the Bank and non-regional members shall hold the balance of 40 percent.

Prior to the GCI-V, subscribed capital was divided into paid-up capital and callable capital in the proportion of 1 to 7. With the GCI-V, the authorized capital stock of the Bank consists of 10.81 percent paid-up shares and 89.19 percent callable shares.

The subscribed capital increased from UA 21.57 billion as at June 30, 2004 to UA 21.61 billion at June 30, 2005. Total unsubscribed shares at June 30, 2005 amounted to UA 254.20 million, comprising UA 111.78 million for shares to be issued upon payment of future cash installments, UA 103.76 million for shares available for reallocation, and UA 38.83 million representing the balance shareholding of the former Socialist Federal Republic of Yugoslavia (former Yugoslavia) after allocating UA 9.09 million to treasury shares. Since the former Yugoslavia has ceased to exist as a state under international law, its shares (composed of UA 41.93 million callable and UA 5.99 million paid-up shares) are currently held as treasury shares of the Bank in accordance with Article 6 (6) of the Bank Agreement. In 2002, the Board of Directors of the Bank approved the proposal to invite each of the successor states of the former Yugoslavia to apply for membership in the Bank, though such membership would be subject to their fulfilling certain conditions including the assumption pro-rata of the contingent liabilities of the former Yugoslavia to the Bank, as of December 31, 1992. In the event that a successor state declines or otherwise does not become a member of the Bank, the pro-rata portion of the shares of former Yugoslavia, which could have been reallocated to such successor state, would be reallocated to other interested non-regional members of the Bank in accordance with the terms of the Share Transfer Rules. The proceeds of such reallocation will however be transferable to such successor state. Furthermore, pending the response from the successor states, the Bank may, under its Share Transfer Rules, reallocate the shares of former Yugoslavia to interested non-regional member states and credit the proceeds on a pro-rata basis to the successor states. In 2003, one of the successor states declined the invitation to apply for membership and instead offered to the Bank, as part of the state's Official Development Assistance its pro rata interest in the proceeds of any reallocation of the shares of former Yugoslavia. The Bank has since accepted the offer.

Prior to the fourth General Capital Increase (GCI-IV), payments on the share capital subscribed by the nonregional member countries were fixed in terms of their national currencies. Under GCI-IV, payments by regional and non-regional members in US\$ have been fixed at an exchange rate of 1 UA = US\$ 1.20635. As a result of these practices, losses or gains could arise from converting these currencies when received to Units of Account. Such conversion differences are reported in the Cumulative Exchange Adjustment on Subscriptions account.

At June 30, 2005 and 2004, the Cumulative Exchange Adjustment on Subscriptions was made up as follows:

(UA thousands)

	2005	2004
Balance at 1 January	147 203	145 330
Net conversion losses on new subscriptions	<u>1 228</u>	<u>(1 551)</u>
Balance at June 30	<u>148 431</u>	<u>143 779</u>

Note H – Non-negotiable Instruments

Prior to May 1981, all payments on paid-up capital had been made in convertible currencies. However, for the capital increases authorized in May 1979 (but effective December 1982) and May 1981, regional members had the following two options for making their payments:

- a) Five (5) equal annual installments, of which at least 50 percent is payable in convertible currency and the remainder in the local currency; or
- b) five (5) equal annual installments, of which 20 percent is payable in convertible currency and 80 percent in non-negotiable, non-interest bearing notes. Such notes are redeemable by the Bank solely in convertible currency in installments commencing on the fifth anniversary of the first subscription payment date.

Non-regional members were required to make their payments solely in convertible currencies.

The paid-up portion of subscriptions, authorized in accordance with Board of Governors' Resolution in Note G above (GCI-IV), is to be paid as follows:

- a) **Regional members** – 50 percent in five (5) equal annual installments in cash in freely convertible currency or freely convertible currencies selected by the member state, and 50 percent by the deposit of five non-negotiable, non-interest bearing notes of equal value denominated in Units of Account. Such notes are redeemable by the Bank solely in convertible currency in five (5) equal annual installments commencing on the fifth anniversary of the first subscription payment date.
- b) **Non-regional members** – five (5) equal annual installments in their national currencies, where such currencies are freely convertible or in notes denominated in freely convertible currencies encashable on demand.

Under GCI-V, there is no distinction in payment arrangements between regional and non-regional members. Each member is required to pay for the paid-up portion of its subscribed shares in eight (8) equal and consecutive annual installments. The first installments shall be paid in cash and in a freely convertible currency. The second to the eighth installments shall be paid in cash or notes encashable on demand in a freely convertible currency.

Note I – Investments

As part of the overall portfolio management strategy, the Bank invests in government and agency obligations, time deposits, asset-backed securities, repurchase agreements, resale agreements and related financial derivatives including futures, forward contracts, currency swaps, interest rate swaps, options and short sales.

For Government and agency obligations with final maturity longer than 1 year, the Bank may only invest in obligations with counterparties having a minimum credit rating of AA-issued or unconditionally guaranteed by governments of member countries or other official entities. For asset-backed securities, the Bank may only invest in securities with an AAA credit rating. Investments in money market instruments are restricted to instruments having maturities of not more than one year and a minimum rating of A. Over-the-counter (OTC) options on government securities and interest rate products are purchased only if the life of the option contract does not exceed one year, and such transactions are only executed with counterparties with credit ratings of AA-or above. Currency and interest rate swaps including asset swap transactions are permitted only with approved counterparties or guaranteed by entities with minimum credit ratings of AA-/Aa3 at the time of the transaction.

Income from investments comprised interest income of UA 81.82 million (2004: UA 62.46 million) and net realized and unrealized loss on investments of UA 2.55 million (2004: loss of UA 3.91 million).

Realized and unrealized loss on investments as at June 30, 2005 is made up as follows:

(UA thousands)

Realized and unrealized gains	6 620
Realized and unrealized loss	<u>(9 166)</u>
Net loss	<u>(2 546)</u>

The Bank uses external managers in the management of certain of its liquid assets, in accordance with the Bank's *Asset and Liability Management Guidelines*. At June 30, 2005, UA 79.27 million (2004: UA 174.43 million) of government and other obligations were under external management.

Securities sold under repurchase agreements with a market value of UA 587.43 million were outstanding at June 30, 2005 (2004: UA 330.61 million). These securities include trading and held-to-maturity instruments, which have been included in the respective balance sheet captions.

A summary of the Bank's trading investments at June 30, 2005 and 2004 follows:

(Amounts in UA millions)

	US Dollars		Euro		GBP		Other Currencies		All Currencies	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
<u>Time Deposits</u>										
Carrying Value	416.24	344.44	137.38	97.64	140.07	113.50	132.71	116.83	826.40	672.41
Average Balance During the year	201.76	391.15	100.69	117.06	30.89	138.65	395.79	142.57	729.05	789.43
Average Maturity (year)	0.04	0.05	0.02	0.06	0.04	0.03	0.04	0.22	0.07	0.07
<u>Asset Backed Securities</u>										
Carrying Value	378.04	439.13	226.63	282.25	-	-	-	-	604.67	721.38
Average Balance During the year	296.49	498.68	233.52	338.39	-	-	-	-	530.01	837.07
Average Maturity (year)	5.26	6.05	7.53	9.86	-	-	-	-	6.11	7.54
<u>Government Agency and Agency Obligations</u>										
Carrying Value	132.82	37.69	64.01	93.69	-	-	2.25	12.53	199.08	143.91
Average Balance During the year	99.66	42.80	66.12	112.33	-	-	6.71	16.62	172.50	171.75
Average Maturity (year)	1.14	1.14	1.04	1.04	-	-	1.36	1.79	1.11	1.13
<u>Corporate Bonds and commercial papers</u>										
Carrying Value	625.84	292.38	659.24	438.20	-	-	76.60	68.58	1,361.68	799.16
Average Balance During the year	486.17	332.03	680.39	525.36	-	-	228.46	90.96	1,395.02	948.35
Average Maturity (year)	1.98	2.18	1.26	1.43	-	-	1.59	1.80	1.57	1.74
<u>Total investments</u>										
Carrying Value	1,552.94	1,113.64	1,087.26	911.78	140.07	113.50	211.56	197.94	2,991.83	2,336.86
Average Balance During the year	1,084.08	1,264.66	1,080.72	1,093.14	30.89	138.65	630.96	250.15	2,826.65	2,746.60
<u>Swaps (Net)</u>										
Currency Swaps - balances	80.25	18.54	(33.10)	(33.55)	211.79	-	(268.05)	(0.36)	(9.10)	(15.37)
Average Balance During the year	15.89	21.06	(34.19)	(40.23)	105.89	-	(0.44)	(0.48)	87.15	(19.65)
Average Maturity (year)	0.92	1.27	1.23	1.85	0.08	-	1.15	1.96	1.76	2.55
The investments swaps on a counter-party basis are:										
Assets									305.05	21.26
Liabilities									(314.15)	(36.62)
									(9.10)	(15.36)
<u>Repos</u>										
Currency Swaps - balances	(284.18)	(182.53)	(57.14)	(35.81)	(246.10)	(112.26)	-	-	(587.42)	(330.60)
Average Balance During the year	(257.01)	(207.24)	(141.53)	(42.94)	(31.56)	(110.00)	-	-	(430.10)	(360.18)
Average Maturity (year)	0.02	0.03	0.02	0.02	0.01	0.02	-	-	0.02	0.03

A summary of the Bank's investments held to maturity at June 30, 2005 and 2004 follows:

(Amounts in UA millions)

(UA Millions)

	US Dollars		Euro		GBP		Other Currencies		All Currencies	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
<u>Time Deposits</u>										
Carrying Value	-	6.45	1.61	2.02	8.59	20.70	-	-	10.20	29.17
Average Balance During the period	-	6.13	1.73	1.98	8.92	20.79	-	-	10.65	28.90
Average Maturity (year)	-	0.02	0.01	0.01	0.01	0.01	-	-	0.01	0.01
<u>Asset Backed Securities</u>										
Carrying Value	13.72	13.63	73.04	81.14	8.11	-	-	-	94.86	94.77
Average Balance During the period	13.71	12.96	78.19	79.74	8.43	-	-	-	100.32	92.70
Average Maturity (year)	4.96	5.25	4.02	5.71	3.25	-	-	-	4.73	5.64
<u>Government Agency and Agency Obligations</u>										
Carrying Value	622.70	515.71	273.14	243.35	297.51	235.56	166.52	114.84	1,359.87	1,109.47
Average Balance During the period	622.08	490.22	292.39	239.14	309.02	236.62	167.63	105.42	1,391.12	1,071.40
Average Maturity (year)	5.18	5.53	3.85	4.12	4.23	4.52	5.41	5.41	4.09	4.99
<u>Corporate Bonds and other</u>										
Carrying Value	227.65	256.77	234.85	340.51	86.09	131.35	87.96	52.17	636.55	780.80
Average Balance During the period	227.41	244.09	251.41	334.61	88.43	131.94	88.55	47.89	655.80	758.53
Average Maturity (year)	4.92	4.92	3.12	3.12	4.81	4.81	4.63	4.63	4.20	4.10
<u>Total investments</u>										
Carrying Value	864.07	792.56	582.64	667.02	400.30	387.70	254.48	167.01	2,101.49	2,014.21
Average Balance During the period	863.20	753.40	623.72	655.47	414.80	389.35	256.18	153.31	2,157.89	1,951.53

The maturity of held to maturity investments as at June 30, 2005 were as follows:

July 1, 2005 to December 31, 2005	133.90
January 1, 2006 to December 31, 2006	177.00
January 1, 2007 to December 31, 2007	213.37
January 1, 2008 to December 31, 2008	218.10
January 1, 2009 to December 31, 2009	280.05
January 1, 2010 to December 31, 2010	327.88
January 1, 2011 to December 31, 2011	333.27
January 1, 2012 to December 31, 2012	152.43
January 1, 2013 to December 31, 2013	160.11
January 1, 2014 to December 31, 2014	91.66
January 1, 2015 to December 31, 2015	13.72
	<u>2,101.49</u>

Note J – Loans

The loans of the Bank are for the purpose of financing development projects and programs and are not intended for sale. Further, management does not believe that there is a comparable secondary market for the type of loans made by the Bank. The fair values of loans reported in these financial statements represent management's best estimates of the present value of the expected cash flows of these loans. The types of loans currently held by the Bank are described below:

Multi-Currency Fixed Rate Loans: For all loans negotiated prior to July 1, 1990, the Bank charges interest at fixed rates. Fair values were estimated using a discounted cash flow model based on a discount rate comprising the fixed rate loan spread plus the year-end estimated cost of funds.

Multi-Currency Variable Rate Loans: Effective from July 1, 1990, the Bank introduced variable rate loans in a bid to reduce its interest risk. The variable interest is reset twice a year and is based on the Bank's own cost of qualified borrowing plus 50 basis points, resulting in a pass-through of average borrowing costs to those lenders that benefit from the Bank's loans. The estimated fair value is considered to approximate carrying value, adjusted for credit risk.

Single Currency Variable Rate Loans: The Bank introduced single currency variable rate loans on October 1, 1997. The lending rate is based on the average cost of the Bank's pool of specific borrowings for each currency comprising mostly medium- to long-term fixed rate borrowings. It is reset semi-annually and also carries a spread of 50 basis points. The estimated fair value is considered to approximate carrying value, adjusted for credit risk.

Single Currency Floating Rate Loans: The Bank introduced LIBOR-based single currency floating rate loans with effect from October 1, 1997. The lending rate is tied to 6-month LIBOR or (EURIBOR) in the currencies of the borrower's choice. The lending rate provides a direct pass-through of the Bank's cost of funds, and is reset annually with a spread of 50 basis points. The estimated fair value is considered to approximate carrying value, adjusted for credit risk.

Single Currency Fixed Rate Loans: Fixed rate loans were reintroduced with effect from October 1997 in the form of single currency fixed rate loans. The lending rate is based on the amortizing swap rate, that is, single fixed rate equivalent of 6-month LIBOR in the loan currency for value on the rate fixing date. It is based on the Bank's cost of borrowing for funding these loans in the loan currency plus a market risk premium and the Bank's standard spread of 50 basis points. The estimated fair value of single currency fixed rate loans is considered to approximate carrying value.

Conversion of Multi-Currency Pool-Based Variable Rate Loans: Borrowers were offered the choice to convert the disbursed and undisbursed amounts of their multi-currency pool-based variable rate to single currency variable terms or retain the terms of their existing multi-currency pool-based variable rate loans. The conversion dates were October 1, 1997 and March 1, 1998. The other terms and conditions of converted loans remained the same as in the original loan agreements. The estimated fair value is considered to approximate carrying value, adjusted for credit risk.

The Private Sector Loans: These loans are made at market terms and are at variable interest rates and their carrying values are considered to approximate fair value.

Fair Value

At June 30, 2005 and 2004, the carrying and estimated fair values of loans were as follows:

(UA thousands)

		2005		2004	
		Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Public Sector -	Variable rate loans	2 986 755	2 986 754	3 086 674	3 086 675
	Fixed rate loans	2 255 150	2 474 860	2 220 110	2 609 970
Private sector -	Variable rate loans	274 020	274 019	196 997	196 997
	Fixed rate loans	<u>56 182</u>	<u>56 182</u>	<u>60 206</u>	<u>60 206</u>
		5 572 107	5 791 815	5 563 987	5 953 848
Accumulated loan loss provision		<u>(193 457)</u>	<u>(193 457)</u>	<u>(208 173)</u>	<u>(208 173)</u>
Net loans		<u>5 378 650</u>	<u>5 598 358</u>	<u>5 355 814</u>	<u>5 745 675</u>

Loans are expressed in Units of Account but repaid in the currencies disbursed.

Provision for losses on Loan Principal and Charges Receivable

At June 30, 2005, loans made to or guaranteed by certain member countries with an aggregate principal balance of UA 705.45 million, of which UA 342.51 million was overdue were considered to be impaired. The gross amounts of loans and charges receivables that were impaired and the cumulative impairment on them at June 30, 2005 and 2004 were as follows:

(UA thousands)	2005	2004
Outstanding balance on impaired loans	705 448	707 400
Less: accumulated provision for losses on impaired loans	<u>(193 457)</u>	<u>(208 173)</u>
Net balance on impaired loans	<u>511 991</u>	<u>499 227</u>
Accrued income and charges receivables from impaired loans	300 618	257 234
Less: accumulated provision for impairment	<u>(198 260)</u>	<u>(179 124)</u>
Net accrued income and charges receivables from impaired loans	<u>102 358</u>	<u>78 110</u>

The movements in the accumulated provision for losses on outstanding loan principal for the six months ended June 30, 2005 and 2004 were as follows:

(UA thousands)	2005	2004
Balance at January 1	205 072	208 452
Provision for loan losses	(14 338)	-
Translation effects	<u>2 723</u>	<u>(279)</u>
Balance at June 30	<u>193 457</u>	<u>208 173</u>

During the six months ended June 30, 2005, provisions on private sector loans of UA 0.63 million (2004: UA 0.30 million) were made. The accumulated provisions on private sector loans at June 30, 2005 amounted to UA 19.85 million (2004: UA 20.15 million).

The movements in the accumulated provision for losses on loan interests and charges receivable for the six months ended June 30, 2005 and 2004 were as follows:

(UA thousands)	2005	2004
Balance at January 1	191 975	164 545
Provision for the period	4 539	14 299
Translation effects	<u>1 746</u>	<u>279</u>
Balance at June 30	<u>198 260</u>	<u>179 123</u>

Interest rates charged on loans outstanding ranged from 2 percent per annum to 10 percent per annum.

Effective July 1, 2002, the outstanding balance and accumulated arrears on interest and charges to the Democratic Republic of Congo (DRC) were restructured into two new consolidated loans. The disbursed and outstanding balance were consolidated into loan "A", while the accumulated arrears on interest and charges were consolidated into a new loan "B". The consolidation of the interest previously due (loan B) resulted in an increase of UA 361.19 million in loans from the DRC. The consolidated loans carry interest at the rate of 8.97 percent, representing the weighted average interest rate on all the DRC loans prior to the consolidation. The final maturity of the consolidated loan is 20 years, which includes a 2-year grace period. The previous loans had final maturities extending to 2010. As at June 30, 2005, the balances outstanding on loans 'A' and 'B' were UA 343.47 million and UA 417.90 million, respectively

Guarantees

The Bank may enter into special irrevocable commitments to pay amounts to the borrowers or other parties for goods and services to be financed under loan agreements. At June 30, 2005, irrevocable reimbursement guarantees issued by the Bank to commercial banks on undisbursed loans amounted to UA 6.83 million (2004: UA 10.35 million).

Also, the Bank has provided guarantees for securities issued by an entity eligible for the Banks' loans. Guarantees are regarded as outstanding when the borrower incurs the underlying financial obligation and are called when a guaranteed party demands payment under the guarantee Outstanding guarantee of loan principal representing the maximum potential risk if the payments guaranteed for the entity are not made, not included in reported loan balance at June 30, 2005, was nil.

Loan Hedges

In addition to the swaps on borrowings disclosed in Note N, the Bank has entered into interest rate swaps which transform fixed rate income on loans in certain currencies into variable rate income. The fair value of interest rate swaps are included in the Balance Sheet under Accounts Receivable.

At June 30, 2005 and 2004 the carrying and estimated fair values of interest rate swaps on some of the Bank's loan portfolio were as follows:

(UA thousands)	2005		2004	
	Contractor Notional Amount	Estimated Fair Value	Contractor Notional Amount	Estimated Fair Value
Interest Rate Swaps	648 065	(18 247)	720 178	(20 804)

Heavily Indebted Poor Countries (HIPC) Initiative

The Bank participates in a multilateral initiative for addressing the debt problems of countries identified as Heavily Indebted Poor Countries (HIPC). Under this initiative, creditors provide debt relief for eligible countries that demonstrate good policy performance over an extended period to bring their debt burdens to sustainable levels. Under the original framework of HIPC initiatives, selected loans to eligible beneficiary countries were paid off by the HIPC Trust Fund at a price equivalent to the lower of the net present value of the loans, as calculated using the methodology agreed under the initiatives, and their nominal values.

Following the signature of a HIPC debt relief agreement, the relevant loans were paid off at the lower of their net present value or their carrying value. On average, loans in the ADB's portfolio carry higher interest rates than the present value discount rates applied and therefore the net present value of the loans exceeds the book value. Consequently, affected ADB loans were paid off by the HIPC Trust Fund at book values.

The HIPC initiative was enhanced in 1999 to provide greater, faster and more poverty-focused debt relief. This was achieved by reducing the eligibility criteria for qualification under the initiative and by commencing debt relief much earlier than under the original framework. Under the enhanced framework, where 32 African countries are eligible, the debt relief is delivered through annual debt service reductions; and release of up to 80 percent of annual debt service obligations as they come due until the total debt relief is provided. In addition, interim financing between the decision and completion points, of up to 40 percent of total debt relief is provided whenever possible, within a 15-year horizon. At June 30, 2005, the Board of Directors had approved relief for 17 ADB borrowing countries, of which 8 had reached the completion point. During the period ended June 30, 2005, debt relief of UA 73.17 million (2004 UA 71.69 million) was received on behalf of the ADB borrowing countries.

Maturity and Currency Composition of Outstanding Loans

Maturity Distribution as at June 30, 2005

(UA millions)

			Fixed Rate	Floating Rate	Variable Rate	Total
Arrears as at 30 June 2005			190.99	14.10	147.55	352.64
July 01, 2005	to	December 31, 2005	90.90	202.10	99.40	392.40
January 01, 2006	to	December 31, 2006	191.59	124.29	196.95	512.83
January 01, 2007	to	December 31, 2007	201.70	142.38	191.81	535.89
January 01, 2008	to	December 31, 2008	196.87	151.33	186.33	534.53
January 01, 2009	to	December 31, 2009	163.64	154.83	184.51	502.98
January 01, 2010	to	December 31, 2014	521.46	582.97	538.03	1,642.46
January 01, 2015	to	December 31, 2019	455.42	318.41	11.71	785.54
January 01, 2020	to	December 31, 2024	298.76	14.08	-	312.84
			2,311.33	1,704.49	1,556.29	5,572.11

Currency Composition and Type of Loans as at June 30, 2005 and 2004

(Amounts in UA millions)

			2005		2004	
			Amount	%	Amount	%
Fixed Rate	Multi Currency	Euro	129.48		156.57	
		Japanese Yen	229.12		286.20	
		Swiss Francs	42.79		51.23	
		Pound Sterling	1.14		1.31	
		US Dollars	262.99		333.11	
		Others	10.34		11.99	
			<u>675.86</u>	12.13	<u>840.41</u>	15.10
	Single Currency	Euro	799.37		614.64	
		Japanese Yen	335.47		334.31	
		Swiss Francs	130.48		130.64	
		Pound Sterling	2.41		2.42	
		US Dollars	341.70		345.39	
		South African Rand	25.74		12.20	
		Others	0.30		0.31	
	<u>1,635.47</u>	29.35	<u>1,439.91</u>	25.88		
Floating Rate	Single Currency	Euro	547.24		582.40	
		South African Rand	167.16		91.91	
		US Dollars	987.74		811.75	
		Japanese Yen	2.35		2.37	
	<u>1,704.49</u>	30.59	<u>1,488.43</u>	26.75		
Variable Rate	Multi Currency	Euro	214.83		255.03	
		Japanese Yen	60.39		76.72	
		Swiss Francs	1.47		2.40	
		US Dollars	211.31		243.89	
		Others	0.37		0.50	
			<u>488.37</u>	8.76	<u>578.54</u>	10.40
	Single Currency Converted	Euro	434.83		486.17	
		Japanese Yen	221.54		268.14	
		Swiss Francs	18.13		19.39	
		US Dollars	393.36		442.93	
		Others	0.06		0.07	
			<u>1,067.92</u>	19.17	<u>1,216.70</u>	21.87
			<u>5,572.11</u>	100.00	<u>5,563.99</u>	100.00

Summary of currency composition of loans at June 30, 2005 and 2004

(Amounts in UA millions)

	2005		2004	
	Amount	%	Amount	%
Euro	2,125.75	38.15	2,094.80	37.65
Japanese Yen	848.87	15.24	967.75	17.39
Swiss Francs	192.87	3.46	203.65	3.66
Pound Sterling	3.55	0.06	3.73	0.07
US Dollars	2,197.10	39.43	2,177.08	39.13
South African Rand	192.90	3.46	104.11	1.87
Others	11.07	0.20	12.87	0.23
Total	5,572.11	100.00	5,563.99	100.00

The distribution of outstanding loans at June 30, 2005 and 2004 by sector was as follows:

(Amounts in UA millions)

	2005		2004	
	Amount	%	Amount	%
Agriculture & Rural Development	629.61	11.30	696.28	12.51
Industry, Mining and Quarrying	374.13	6.71	345.16	6.20
Transport	683.09	12.26	709.63	12.75
Water Supply and Sanitation	350.34	6.29	378.67	6.81
Power	400.01	7.18	400.64	7.20
Communications	169.08	3.03	181.28	3.26
Finance	1,159.70	20.81	1,042.80	18.74
Social	209.85	3.77	172.10	3.09
Urban Development	0.05	0.00	0.05	0.00
Multi-Sector	1,596.25	28.65	1,637.38	29.43
Total	5,572.11	100.00	5,563.99	100.00

Note K – Equity Participations

The Bank's participation in the equity of African Development Fund and other institutions was as follows:

African Development Fund

The African Development Fund (ADF or the Fund) was established in 1972 as an international institution to assist the Bank in contributing to the economic and social development of the Bank's regional members, to promote cooperation and increased international trade particularly among the Bank's members, and to provide financing on concessional terms for such purposes. The Fund's original subscriptions were provided by the Bank and the original State Participants to the ADF Agreement, and State Participants acceding to the Agreement since the original signing date. Thereafter, further subscriptions were received from participants in the form of Special General Increase and General Replenishments.

The ADF has a 12-member Board of Directors, made up of 6 members selected by the African Development Bank and 6 members selected by State Participants, which reports to the Board of Governors made up of representatives of the State Participants and the ADB. Although the ADB exercises fifty percent (50%) of the voting powers in ADF, the Agreement establishing the Fund provides that in the event of termination of its operations, the assets of the Fund shall be distributed pro-rata to its participants in proportion to the amounts paid-in by them on account of their subscription, after settlement of any outstanding claims against the participants. The President of the Bank is the ex-officio President of the Fund.

To carry out its functions, the Fund utilizes the offices, staff, organization, services and facilities of the Bank, for which it pays a management fee. The management fee paid by the Fund to the Bank is calculated annually on the basis of a cost-sharing formula, approved by the Board of Directors, which is driven in large part by the number of programs and projects executed during the year. Based on the cost-sharing formula, management fees incurred by ADF for the period ended June 30, 2005 amounted to UA 50.47 million (2004: UA 43.40 million), representing 69.64 percent (2004: 69.62 percent) of the shareable administrative expenses incurred by the Bank. The accounts of the ADF are kept separate and distinct from those of the Bank. As at June 30, 2005, the Bank's subscriptions to ADF amounted to UA 111.74 million.

Other Equity Participations

As at June 30, 2005 and 2004, the cost and carrying values of the Bank's equity participation in other institutions (including private sector equity participations) were as follows:

(Amounts in UA thousands)

Institutions	Year Established	Callable	Carrying Value	
			2005	2004
Regional Development Banks :				
BDEAC	1975	2,278	1,519	1,517
East African Development Bank	1967	-	5,000	5,000
P T A Bank	1985	10,000	5,000	5,000
Afreximbank	1993	10,298	6,865	6,821
BOAD	1973	1,898	633	632
BDEGL	1980	-	1,946	1,946
		<u>24,474</u>	<u>20,963</u>	<u>20,916</u>
Other Development Institutions :				
K-REP Bank Limited	1997	-	666	649
Alexandria National Iron & Steel	1993	-	-	10,025
Zimbabwe Development Bank	1984	-	1	1
Meridien BIAO SA	1991	-	-	5,116
Africa - Re	1977	-	5,980	2,728
Shelter Afrique	1982	-	3,433	3,410
Development Bank of Zambia	1974	-	-	-
National Development Bank of Sierra Leone *		-	-	-
		<u>-</u>	<u>10,080</u>	<u>21,929</u>
Investment Funds (carried at fair value):				
AIG Africa Infrastructure Fund	1999	5,872	23,612	18,756
South Africa Infrastructure Fund	1996	1,255	11,370	10,413
Acacia Fund Limited	1996	-	729	680
Zambia Venture Capital Fund	1996	-	627	1,100
Indian Ocean Regional Fund Limited	1999	-	757	1,246
Msele Nedventure Limited	1995	-	-	1,305
		<u>7,127</u>	<u>37,095</u>	<u>33,500</u>
Total		31,601	68,138	76,345
Less: Accumulated provision for equity losses		<u>-</u>	<u>(4,247)</u>	<u>(18,049)</u>
Net		<u>31,601</u>	<u>63,891</u>	<u>58,296</u>

* Amounts fully disbursed, but with value is less than UA 100, at the current exchange rate.

The cost of investments carried at fair value at June 30, 2005 was UA 34.85 million. There was no provision for losses on equity investments carried at fair value.

Accumulated provision for equity losses is made up as follows:

	<u>2005</u>	<u>2004</u>
BDEGL	1,946	1,946
Zimbabwe Development Bank	1	1
PTA Bank	1,500	1,500
Saouth African Infrastructure Fund	-	2,644
Alexandria National Iron & Steel	-	4,511
Zambia Venture Capital Fund	-	205
MSELE Nedventures Limited	-	914
Meridien BIAO	-	5,115
BDEAC	-	1,213
East African Development Bank	800	-
	<u>4,247</u>	<u>18,049</u>

An analysis of the movement in accumulated provision for loss on equity participation is as follows:

<u>(UA thousands)</u>	<u>2005</u>	<u>2004</u>
Balance at January 1	4 247	17 879
Provision for the semester	-	-
Translation Adjustment	-	170
Balance at June 30	<u>4 247</u>	<u>18 049</u>

Note L – Fixed Assets

(UA thousands)

		Land	Building and Improvements	Furniture, Fixtures & Fittings	Equipments & Motor Vehicles	Total
Cost:	Balance at 1 January 2005	141	22 752	6 196	48 732	77 821
	Additions during the period	-	-	1 354	1 116	2 470
	Disposals during the period	-	-	-	(150)	(150)
	Balance at 30 June 2005	141	22 752	7 550	49 698	80 141
Accumulated Depreciation:	Balance at 1 January	-	21 080	3 809	35 328	60 217
	Depreciation during the period	-	-	397	2 946	3 343
	Balance at 30 June 2005	-	21 080	4 206	38 274	63 560
Net Book Values:	30 June 2005	141	1 672	3 344	11 424	16 581
	30 June 2004	141	1 723	2 633	15 032	19 529

Note M – Administrative Expenses

Total administrative expenses relate to expenses incurred on behalf of the ADF, the NTF and for the operations of the Bank itself. The ADF and NTF reimburse the Bank for their share of the total administrative expenses, based on an agreed upon cost-sharing formula, which is driven by certain selected indicators of operational activity for operational expenses and relative balance sheet sizes for non-operational expenses. However the allocated expenses to NTF shall not exceed 20 percent of the gross income of NTF. The administrative expenses comprised the following:

(UA thousands)

	2005	2004
Personnel expenses	54 072	47 189
Other general expenses	15 113	12 551
Total	69 185	59 740
Reimbursable by ADF	(50 473)	(43 402)
Reimbursable by NTF	(1 028)	(693)
Net	17 684	15 645

To insulate the Bank from possible significant increases in administrative expenses that could arise from an appreciation of the principal currencies of administrative expenditure i.e. EUR, GBP and USD vis-à-vis the UA, the Bank executed forward exchange transactions to hedge its administrative expenses. These transactions were entered into with a zero lock-in cost. The nominal value of the forward transactions as at June 30, 2005 amounted to UA 65.00 million with an unfavorable market value of UA 0.24 million.

Included in general administrative expenses is an amount of UA 3.10 million (2004: UA 2.48 million) incurred under operating lease agreements for offices in Tunisia and certain other regional member countries.

At the balance sheet date, the Bank had outstanding commitments under operating leases, which fall due as follows:

<u>UA thousands)</u>	<u>2005</u>	<u>2004</u>
Within one year	1 694	2 764
In the second to fifth years inclusive	<u>363</u>	<u>417</u>
Total	<u>2 057</u>	<u>3 181</u>

Leases are generally negotiated for an average term of one (1) to three (3) years and rentals are fixed for an average of one (1) year.

Note N – Borrowings

The Bank's borrowing strategy is driven by three major factors, namely: timeliness in meeting cash flow requirements, optimizing asset and liability management with the objective of mitigating exposure to financial risks, and providing cost effective funding. In addition to long- and medium-term borrowings, the Bank also undertakes short-term borrowing for cash and liquidity management purposes only.

The Bank has entered into currency swap agreements with major international banks by which proceeds of a borrowing are converted into a different currency and simultaneously a forward exchange agreement is executed providing for the future exchange of the two currencies in order to recover the currency converted.

The Bank has also entered into interest rate swaps, which transform a floating rate payment obligation in a particular currency into a fixed rate payment obligation or vice-versa.

The Bank has a potential risk of loss if the swap counterparty fails to perform its obligations. In order to reduce such credit risk, the Bank only enters into long-term swap transactions with counterparties eligible under the Bank's *Assets and Liability Management Guidelines*, which include requirement that the counterparties have a minimum credit rating of AA-/Aa3. The Bank does not anticipate that any of its counterparties will fail to perform their obligations under such agreements.

At June 30, 2005, borrowings with embedded callable options amounted to UA 323.45 million (2004: UA 544.00 million). These options can be exercised annually on interest payments dates from the time the bond is first callable until its maturity date.

It is the Bank's policy to limit senior borrowing and guarantees chargeable to the Bank's ordinary capital resources to 80 percent of the callable capital of its non-borrowing members and also to limit the total borrowing represented by both senior and subordinated debt to 80 percent of the total callable capital of all its member countries. At June 30, 2005, total borrowing, excluding embedded derivatives, amounted to UA 5,926.23 million comprising senior debt and subordinated debt amounting to UA 5,194.38 million and UA 731.85 million, respectively. As of the same date, the ratio of senior debt to the non-borrowing members' callable capital of UA 8,532.00 million was 60.88 percent. Also at June 30, 2005 the ratio of total outstanding borrowings to the total callable capital of UA 19,376.26 million was 30.59 percent.

A summary of the Bank's borrowings portfolio at June 30, 2005 and 2004 follows:

Borrowings and Swaps at June 30, 2005

(Amounts in UA millions)

Currency	Rate Type	Direct Borrowings			Currency Swap Agreements (a)			Interest Rate Swaps			Net Currency Obligations		
		Amount	Wgtd. Avg. Cost (%) (b)	Average Maturity (Years)	Amount payable (receivable)	Wgtd. Avg. Cost (%) (b)	Average Maturity (Years)	Notional amount payable (receivable)	Wgtd. Avg. Cost (%) (b)	Average Maturity (Years)	Amount payable (receivable)	Wgtd. Avg. Cost (%) (b)	Average Maturity (Years)
Euro	Fixed	253.11	6.50	1.2	141.66	8.71	14.2	194.52	5.16	2.9	589.29	6.59	4.9
	Adjustable	63.28	4.40	1.8	1,899.14 (173.04)	2.20	5.6	316.39 (257.80)	5.60	1.4	2,278.81 (430.84)	2.73	4.9
Sterling	Fixed	61.56	11.13	4.5	-	-	-	-	-	-	61.56	11.13	4.5
	Adjustable	-	-	-	-	-	-	(61.56)	11.13	4.5	(61.56)	11.13	4.5
Japanese Yen	Fixed	1,200.22	2.73	5.8	-	-	-	248.74	4.64	2.8	1,448.96	3.06	5.3
	Adjustable	841.37	3.14	9.4	(315.90)	2.55	7.8	(799.44)	2.54	3.8	(1,115.34)	2.54	4.9
US Dollars	Fixed	2,662.69	3.21	7.3	-	-	-	-	-	-	2,662.69	3.21	7.3
	Adjustable	13.73	2.74	0.2	(377.59)	5.66	6.0	(1,706.60)	2.55	5.3	(2,084.19)	3.11	5.4
Others	Fixed	1,222.91	1.77	7.6	12.39	1.89	6.6	-	-	-	1,235.30	1.77	7.6
	Adjustable	-	-	-	(965.79)	1.31	8.6	-	-	-	(965.79)	1.31	8.6
Total	Fixed	5,400.49	3.02	6.7	154.05	8.16	13.6	443.26	4.87	2.9	5,997.80	3.29	6.6
	Adjustable	918.38	3.22	8.7	(1,659.28)	2.54	7.8	(2,820.71)	3.09	4.5	(4,479.99)	2.88	5.7
Principal at face value		6,318.87	3.05	7.0	3,337.95	2.46	6.0	2,998.34	1.64	4.2	7,254.67	2.22	5.6
Net unamortized premium/(discount)		(392.64)			(2,117.10)	2.28	5.2	(755.44)	1.57	3.1	(2,872.54)	2.09	4.6
IAS 39 Adjustment		-			(8.85) (c)			(29.69) (c)			(38.54)		
Total		5,926.23	3.05	7.0	(29.68)			(53.87)			5,842.68	2.86	

Supplementary disclosure (direct borrowings):

The estimated fair value of borrowings at June 30, 2005 was UA 6,064.52 million.

- Currency swap agreements include cross-currency interest rate swaps.
- The average repricing period of the net currency obligations for adjustable rate borrowings was six months. The rates indicated are those prevailing at June 30, 2005.
- These amounts are included in swaps payable and receivable on the balance sheet.

Slight differences may occur in totals due to rounding.

Borrowings and Swaps at June 30, 2004

(Amounts in UA millions)

Currency	Rate Type	Direct Borrowings			Currency Swap Agreements (a)			Interest Rate Swaps			Net Currency Obligations		
		Amount	Wgt. Avg. Cost (%) (b)	Average Maturity (Years)	Amount payable (receivable)	Wgt. Avg. Cost (%) (b)	Average Maturity (Years)	Notional amount payable (receivable)	Wgt. Avg. Cost (%) (b)	Average Maturity (Years)	Amount payable (receivable)	Wgt. Avg. Cost (%) (b)	Average Maturity (Years)
Euro	Fixed	252.76	6.50	2.3	141.47	8.71	15.2	194.25	2.60	4.1	588.48	5.74	6.0
	Adjustable	-	-	-	-	-	-	(252.76)	6.50	4.1	(252.76)	6.50	4.1
Sterling	Fixed	61.78	11.13	5.6	-	-	-	-	-	-	61.78	11.13	5.6
	Adjustable	-	-	-	(61.78)	9.21	5.6	(61.78)	11.13	5.6	(123.56)	10.17	5.6
Japanese Yen	Fixed	1,096.17	2.07	6.1	-	-	-	251.72	4.64	4.1	1,347.89	2.55	5.7
	Adjustable	-	-	-	(319.68)	2.61	8.9	(809.00)	1.80	5.0	(1,128.68)	2.03	6.1
US Dollars	Fixed	2,321.06	3.99	8.3	-	-	-	(1,220.74)	0.20	4.6	1,100.32	8.19	12.4
	Adjustable	-	-	-	(375.11)	4.93	6.8	-	-	-	(375.11)	4.93	6.8
Others	Fixed	780.55	1.77	7.8	12.61	1.89	8.0	163.19	0.27	4.0	956.35	1.52	7.2
	Adjustable	-	-	-	(602.28)	1.34	9.1	(174.07)	2.28	3.8	(776.35)	1.55	7.9
Total	Fixed	4,512.32	3.38	7.3	154.08	8.15	14.6	(611.58)	(2.41)	5.1	4,054.82	4.43	7.9
	Adjustable	944.83	2.68	9.4	(1,358.85)	2.99	8.3	(1,297.61)	3.22	4.7	(2,656.46)	3.10	6.5
Principal at face value		5,457.15	3.26	7.7	65.65			-			5,522.80	3.31	
Net unamortized premium/(discount)		(21.45)			-			-			(21.45)		
		5,435.70			65.65			-			5,501.35		
IAS 39 Adjustment		(108.51)			72.21 (c)			4.13 (c)			(32.17)		
Total		5,327.19	3.26	7.7	137.86			4.13			5,469.18	3.31	

Supplementary disclosure (direct borrowings):

The estimated fair value of borrowings at June 30, 2004 was UA 4,906.58.

- Currency swap agreements include cross-currency interest rate swaps.
- The average repricing period of the net currency obligations for adjustable rate borrowings was six months. The rates indicated are those prevailing at June 30, 2004.
- These amounts are included in swaps payable and receivable on the balance sheet.

Slight differences may occur in totals due to rounding.

The maturity structure of outstanding borrowings as at June 30, 2005 is as follows:

(UA millions)

<u>Periods</u>	<u>Ordinary</u>	<u>Callable</u>	<u>Total</u>
1 July 2005 to 31 December 2005	334.14	150.54	484.68
1 January 2006 to 31 December 2006	253.32	155.46	408.78
1 January 2007 to 31 December 2007	303.83	9.33	313.16
1 January 2008 to 31 December 2008	1,098.93	12.44	1,111.37
1 January 2009 to 31 December 2009	68.86	-	68.86
1 January 2010 to 31 December 2014	1,723.36	-	1,723.36
1 January 2015 to 31 December 2019	1,340.40	-	1,340.40
1 January 2020 to 31 December 2024	560.86	-	560.86
1 January 2025 to 31 December 2029	81.61	-	81.61
1 January 2030 to 31 December 2035	225.79	-	225.79
Subtotal	5,991.10	327.77	6,318.87
Net unamortized premium	(388.32)	(4.32)	(392.64)
TOTAL	5,602.78	323.45	5,926.23

Unrealized net losses on non-trading derivatives

Unrealized net losses on non-trading derivatives included in income and expenses for the period ended June 30, 2005 and 2004 are as follows:

(UA thousands)

	<u>2005</u>	<u>Restated 2004</u>
Interest Rate swaps on borrowings	17 316	(42 873)
Cross currency swaps on borrowings	102 114	(35 339)
Borrowings with embedded derivatives	797	63 566
Interest rate swaps on loans	(3 885)	4 326
Embedded derivative stripped off borrowings	(3 611)	(991)
Macro-hedge swaps	<u>5 424</u>	<u>(2 377)</u>
Total	<u>118 155</u>	<u>(13 688)</u>

Borrowing expenses for six months ending June 30, 2005 comprised the following:

(UA thousands)

	<u>2005</u>	<u>2004</u>
Charges to bond issuers	110 833	127 165
Net charges received from Swap Counter-parties	<u>(3 432)</u>	<u>(31 589)</u>
	107 401	95 576
Amortization of issuance costs	<u>1 163</u>	<u>1 565</u>
Borrowing expenses to June 30	<u>108 564</u>	<u>97 141</u>

Note O – Net Currency Position at June 30, 2005

(UA thousands)								
	United States		Japanese	Sterling	Other	Sub-total	Units of	
	Euro	Dollars	yen				Account	Total
Assets								
Due from Bank	(375)	3,753	139,664	1,513	7,002	151,557	0	151,557
Demand obligations	0		0		3,800	3,800	0	3,800
Investments - Trading (a)	996,927	1,348,478	(240,331)	105,764	184,469	2,395,307	0	2,395,307
Investments - Held to Maturity	582,640	864,100	254,480	400,269		2,101,489	0	2,101,489
Non negotiable Instruments on account of capital	1,879	20,404			0	22,283	7,524	29,807
Accounts receivable	80,272	291,156	85,269	128,661	30,932	616,290	75,304	691,594
Loans	2,069,110	2,105,547	816,714	3,344	383,902	5,378,617	33	5,378,650
Equity participation	2,151	41,668		0	12,372	56,191	119,441	175,632
Other assets	296	256	0	45	1,850	2,447	14,647	17,094
	3,732,900	4,675,362	1,055,796	639,596	624,327	10,727,981	216,949	10,944,930
Liabilities and Equity								
Accounts payable	(116,451)	(252,995)	(32,226)	(114,921)	(37,481)	(554,074)	(50,094)	(604,168)
Borrowings and embedded derivatives	(316,033)	(2,550,427)	(2,039,658)	(58,818)	(961,294)	(5,926,230)	(10,075)	(5,936,305)
	(432,484)	(2,803,422)	(2,071,884)	(173,739)	(998,775)	(6,480,304)	(60,169)	(6,540,473)
Currency swaps on borrowings and related derivatives (b)	(1,867,763)	(179,092)	1,560,803	61,564	379,483	(45,005)	110,304	65,299
Currency position as at June 30, 2005	1,432,653	1,692,848	544,715	527,421	5,035	4,202,672	267,084	4,469,756
% of sub-total	34.09	40.28	12.96	12.55	0.12	100.00		100.00
SDR Composition as at June 30, 2005	35.31	39.55	13.04	12.10	-	100.00		100.00

(a) Investments held for trading is made up as follows:

Amount per balance sheet :	Investments held for trading net of repos	2,404,407
	Swaps receivable	305,050
	Swaps payable	(314,150)
Amount per statement of net currency position		<u>2,395,307</u>

(b) Currency Swaps on borrowings is made up as follows:

Amount per balance sheet :	Swaps receivable	351,092
	Swaps payable	(285,793)
Net Swaps on borrowings per statement of net currency position		<u>65,299</u>

Note P – Liquidity Position

The Bank's liquidity policy ensures that it has the resources to meet its net disbursement and debt service obligations while at the same time allowing the flexibility in deciding the appropriate time to access the capital markets. The Bank's liquidity policy requires that it holds liquid assets in a target zone, above the required prudential minimum level of liquidity (PML) and less than the operational level of liquidity (OLL). The PML is computed as the sum of the debt service payment for the next year, the projected net loan disbursement for the next year, the loan equivalent value of signed guarantees and the undisbursed equity investments. As an operational guideline, the OLL is computed as the prudential minimum level of liquidity (PML) plus 50 percent of the stock of undisbursed loans. The table below provides an analysis of assets, liabilities and members' equity into relevant maturity groupings based on the remaining period from the balance sheet date to contractual maturity date. It is presented under the most prudent consideration of maturity dates where options or repayment patterns allow for early repayment possibilities. Therefore, in the case of liabilities, the earliest possible repayment date is shown, while for assets, it is the latest possible repayment date. Assets and liabilities that do not have a contractual maturity date are grouped together in the "Maturity undefined" category.

Liquidity position at June 30, 2005

(UA thousands)

	Up to and including 1 year	Over 1 year and up to 2 years	Over 2 years and up to 3 years	Over 3 years and up to 4 years	Over 4 years and up to 5 years	Over 5 years and up to and including 10 years	Over 10 years and up to and including 15 years	Over 15 years	Maturity undefined	Total
Assets										
Due from Bank	151,557					-	-		-	151,557
Demand obligations	3,800					-	-			3,800
Amount receivable from currency Swaps	305,114	9,447	16,182	70,040	-	94,000	130,302	31,057		656,142
Investments - Trading (net of REPOS)	2,404,407									2,404,407
Investments - Held to Maturity	133,900	177,010	213,380	218,110	280,050	1,065,380	13,659			2,101,489
Non negotiable Instruments on account of capital	3,055	8,404	3,449	4,033	4,413	6,453				29,807
Accounts receivable	691,594					-	-			691,594
Loans	745,030	392,390	512,830	535,890	534,530	1,907,140	911,010	33,287		5,572,107
Accumulated loan loss provision									(193,457)	(193,457)
Equity participation	-								175,632	175,632
Other assets	512					-			16,581	17,093
	4,438,969	587,251	745,841	828,073	818,993	3,072,973	1,054,971	64,344	(1,244)	11,610,172
Liabilities and Equity										
Accounts payable	(604,168)									(604,168)
Amounts payable for currency swaps	(351,702)	(6,798)	(13,217)	(65,529)	(5,827)	(60,945)	(57,896)	(38,029)		(599,943)
Borrowings and embedded derivatives	(484,680)	(408,780)	(313,160)	(1,111,370)	(68,860)	(1,723,360)	(1,340,400)	(868,259)	382,564 *	(5,936,305)
Equity									(4,469,756)	(4,469,756)
	(1,440,550)	(415,578)	(326,377)	(1,176,899)	(74,687)	(1,784,305)	(1,398,296)	(906,288)	(4,087,192)	(11,610,172)
Liquidity position as at June 30, 2005	2,998,419	171,673	419,464	(348,826)	744,306	1,288,668	(343,325)	(841,944)	(4,088,436)	-

* Comprises of pre-issuance costs and IAS 39 adjustments on borrowings.

Supplementary information

Loans in chronic arrears (more than 2 years) included in loan balance above	369,270	66,460	66,380	55,530	42,660	90,850	60	-		691,210
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Note Q – Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed on a financial instrument indicates to what extent it is exposed to interest rate risk. The table below provides information on the extent of the Bank's interest rate exposure based either on the contractual maturity date of its financial instruments or, in the case of instruments that reprice to a market rate of interest before maturity, the next repricing date. Securities that comprise the Bank's dealing portfolio are assumed to reprice within the "Up to and including 1 year" category.

Interest Rate Risk Position at June 30, 2005 :

(UA thousands)

	Up to and including 1 year	Over 1 year & up to 2 years	Over 2 years & up to 3 years	Over 3 years & up to 4 years	Over 4 years & up to 5 years	Over 5 years & up to 10 years	Over 10 years and up to 15 years	Over 15 years	Non interest bearing funds	Total
Assets										
Due from Bank	151,557									151,557
Demand obligations	-								3,800	3,800
Investments - Trading (a)	2,395,307									2,395,307
Investments - Held to Maturity	133,440	175,403	207,296	215,926	275,081	1,049,090	13,731		31,522	2,101,489
Non negotiable Instruments on account of capital	-								29,807	29,807
Accounts receivable	691,594								-	691,594
Loans	2,499,982	191,585	329,058	242,195	161,327	734,175	916,813	496,972		5,572,107
Accumulated loan loss provision									(193,457)	(193,457)
Equity participation	-								175,632	175,632
Other assets	-								17,094	17,094
	5,871,880	366,988	536,354	458,121	436,408	1,783,265	930,544	496,972	64,398	10,944,930
Liabilities and Equity										
Accounts payable	(604,168)									(604,168)
Borrowings (b & c)	(4,629,218)	(210)	(171,932)	(54,068)	(210)	(311,833)	(421,682)	(310,782)	28,929	(5,871,006)
Micro hedge swaps	(242,686)	22,312	9,611	9,612		201,151				-
	(5,476,072)	22,102	(162,321)	(44,456)	(210)	(110,682)	(421,682)	(310,782)	28,929	(6,475,174)
Position of interest rate risk as at June 30, 2005	395,808	389,090	374,033	413,665	436,198	1,672,583	508,862	186,190	93,327	4,469,756

(a) Investments held for trading is made up as follows:

Amount per Investments trading	2,991,836
Swaps receivable	305,050
Swaps payable	(314,150)
Securities sold under agreements to repurchase	(587,429)
Amount per statement of interest rate risk	2,395,307

(b) Borrowings is made up as follows:

Amount per Borrowings	5,926,230
Currency Swaps receivable	(351,092)
Currency Swaps payable	285,793
Embedded derivatives	10,075
Net borrowings per statement of interest rate risk	5,871,006

(c) Non interest bearing funds included in borrowings is made up as follows:

Cross currency swaps - IAS 39 adjustment	8,847
Interest rate swaps - IAS 39 adjustment	29,695
Interest rate swaps loans - IAS 39 adjustment	(18,247)
IAS 39 adjustment of embedded derivatives on borrowings	(10,075)
Net issuance costs on swaps and borrowings	18,709
	28,929

Note R – Financial Risks

In the normal course of its development banking business, the Bank may be exposed to the following types of financial risk:

Country Credit Risk: Country credit risk includes potential losses arising from a country's inability or willingness to service its obligations to the Bank. The Bank manages country credit risk through financial policies and lending strategies, including individual country exposure limits and overall creditworthiness assessments. These include the assessment of the country's macroeconomic performance as well as its socio-political conditions and future growth prospects. Potential losses from country credit risk are considered in the determination of the accumulated provision for loan losses. The individual country exposure to the Bank on outstanding loans is disclosed in Note W.

Commercial Credit Risk: In the ordinary course of business, the Bank uses a variety of financial instruments, some of which involve elements of commercial credit risk in excess of the amount recorded on the balance sheet. Commercial credit risk exposure represents the maximum potential accounting loss due to possible nonperformance by counterparties under the terms of the contracts. Additionally, the nature of the instruments involve contract value and notional principal amounts that are not reflected in the basic financial statements. For securities, the Bank limits trading to a list of authorized dealers and counterparties with the highest credit ratings. Credit risk is controlled through application of eligibility criteria and limits for transactions with individual counterparties, based on their credit rating and size, subject to a maximum of 10 percent of the Bank's total risk capital for any single counterparty. The Bank may require collateral in the form of cash or other approved liquid securities from individual counterparties in order to mitigate its credit exposure.

Market Risks: Market risks encompass funding, liquidity, currency and interest, and exchange rate risks. Such risks are managed through the pricing of loans and the Bank's overall asset and liability management practices. The Bank's liquidity policy ensures that it has the resources to meet its net disbursement and debt service obligations and allow it flexibility in deciding the appropriate time to access the capital market. To achieve this objective, the Bank operates on a prudential minimum as well as an operational level of liquidity established by this policy. The prudential minimum level of liquidity is based on the debt service payment of the next year, the projected net loan disbursement for the next year, the loan equivalent value of signed guarantees and the undisbursed equity investments. All potential debt service payments due to early redemption of swaps and borrowings with embedded options are included in the determination of the debt service payment of the next year. To enable the Bank to take advantage of low-cost funding opportunities as they arise, the Bank's policy allows it to build up liquid resources above the prudential minimum level. The maximum level of liquidity is limited to the total of the minimum plus 50% of the stock of undisbursed loans. The Bank maintains interest rate limits for each internally managed or externally managed active currency portfolio. The borrowing cost pass-through formulation incorporated in the lending rates charged on the Bank's recent loans, has helped to limit the interest rate sensitivity of the net spread earnings on its loan portfolio. The Bank holds or lends the proceeds of its borrowings in the same currencies borrowed (after swap activities). Also, to avoid currency mismatches, borrowers are required to service their loans in the currencies disbursed by the Bank. Furthermore, in order to minimize exchange rate risks, the Bank matches its borrowing obligations in any one currency (after swap activities) with assets in the same currency. The Bank also offers loans with interest rates directly linked to market interest rates. For such market based loan products, the Bank's net margin is preserved by using swaps to align the interest rate sensitivity of the loans with that of the Bank's underlying funding (6-month LIBOR floating rate).

Note S – Grants

The Bank administers grants on behalf of donors, including member countries, agencies and other entities. Grant resources are restricted for specific uses, which include the co-financing of the Bank's lending projects, debt reduction operations, technical assistance for borrowers including feasibility studies and project preparation, global and regional programs and research and training programs. These funds are placed in trust and are not included in the assets of the Bank. In accordance with Article 11 of the Agreement establishing the Bank, the accounts of these grants are kept separate from those of the Bank. The undisbursed balances of the grant resources at June 30, 2005 and 2004 comprised the following:

(UA thousands)	2005	2004
AMINA	1 384	1 376
AMTA/NAMTA	145	25
Belgium	2 515	2 599
Canada	297	550
China	55	6
Denmark	1 523	1 706
Finland	474	259
France	3 121	3 059
India	1 281	33
Italy	15 750	2 258
Korea	1 506	1
Nordic	1 725	30
The Netherlands	3 194	1 182
Norway	1 303	1 265
Spain	375	576
Sweden	1 570	2 354
Switzerland	270	281
Others	139	49
TOTAL	<u>36 627</u>	<u>17 609</u>

Note T – Segment Reporting

Other than the private sector lending operations, which at June 30, 2005 accounted for about 6 percent of the lending operations of the Bank and therefore considered to be insignificant to make a meaningful segment reporting, Management believes that the Bank has only one reportable segment, because it does not manage its operations by allocating resources based on a determination of the contribution to net income from individual borrowers. With regards to loans made to, or guaranteed by member countries, given the nature of the Bank, the risk and return profiles are sufficiently similar among borrowers that the Bank does not differentiate between the nature of the products or services provided, the preparation process or the method for providing the services among individual countries.

Note U – Related Party Transactions

The following related parties have been identified:

The Bank makes or guarantees loans to some of its members who are also its shareholders, and borrows funds from the capital markets in the territories of some of its shareholders. As a multilateral development institution with membership comprising 53 African states and 24 non-African states (the “regional members” and “non regional members” respectively), subscriptions to the Capital of the Bank are made by all its members. All the powers of the Bank are vested in the Board of Governors, which consists of the Governor appointed by each member of the Bank, who exercises the voting power of the appointing member country. Member country subscriptions and voting powers are disclosed in Notes W and X. The Board of Directors, which is constituted by eighteen (18) Directors elected by the member countries, is responsible for the conduct of the general operations of the Bank, and for this purpose, exercises all the powers delegated to it by the Board of Governors. The Bank also makes or guarantees loans to certain of the agencies of its regional member countries and to public and private enterprises operating within such countries. Such loans are approved by the Board of Directors. Outstanding balances on loans granted to regional member countries are disclosed in Note V. Outstanding borrowings of the Bank are disclosed in Note N.

In addition to its ordinary resources, the Bank administers the resources of other entities under special arrangements. In this regard, the Bank administers the resources of the African Development Fund (ADF). Furthermore, the Bank administers various special funds and trust funds which have purposes that are consistent with its objectives of promoting the economic development and social progress of its regional member countries. In this connection, the Bank administers the Nigeria Trust Fund (NTF) as well as multilateral and bilateral donor funds in the form of grants.

The ADF was established pursuant to an agreement between the Bank and certain countries. The general operation of ADF is conducted by a 12-member Board of Directors of which 6 members are selected by the Bank. The Bank exercises 50 percent of the voting power in ADF and the President of the Bank is the ex-officio President of the Fund. To carry out its functions, the ADF utilizes the offices, staff, organization, services and facilities of the Bank, for which it reimburses the Bank based on an agreed cost-sharing formula, driven in large part by the number of programs and projects executed during the year. The Bank’s investment in ADF is included in Equity Participation and disclosed in Note K. In addition to the amount reported as Equity Participation, the Bank periodically makes net income allocation to the Fund, to further its objectives. Net income allocations are reported as Other Resources in the books of the Fund. Net income allocation to the Fund in 2005 amounted to UA 46.30 million (2004: UA 10.00 million). The NTF is a special fund administered by the Bank with resources contributed by Nigeria. The ADB Board of Directors conducts the general operations of NTF on the basis of the terms of the NTF Agreement and, in this connection the Bank consults with the Government of Nigeria. The NTF also utilizes the offices, staff, organization, services and facilities of the Bank for which it reimburses to the Bank, its share of administrative expenses for such utilization. Share of administrative expenses reimbursed to the Bank by both the ADF and NTF are disclosed in Note M. The Grant resources administered by the Bank on behalf of other donors, including its member countries, agencies and other entities are generally restricted for specific uses, which include the co-financing of Bank’s lending projects, debt reduction operations and technical assistance for borrowers including feasibility studies. Details of the outstanding balance on such grant funds are disclosed in Note S. The Bank also administers the Staff Retirement and Medical Benefits Plan. The activities of the Staff Retirement and Medical Plan are disclosed in Note D.

Management Personnel Compensation

Compensation paid to the Bank's management personnel and executive directors during the period ended June 30 2005 and 2004 is made up as follows:

(UA thousands)	<u>2005</u>	<u>2004</u>
Salaries	5 955	5 766
Termination Benefits	159	155
Contribution to Retirement and Medical Plan	1 031	1 009
Other benefits	<u>1 223</u>	<u>1 396</u>
Total	<u>8 368</u>	<u>8 326</u>

The Bank may also provide personal loans and advances to its staff, including those in management. Such loans and advances, guaranteed by the terminal benefits payable on the time of departure from the Bank, are granted in accordance with the Bank's rules and regulations. At June 30, 2005 outstanding balances on loans and advances to management staff amounted to UA 3.03 million (2004: UA 1.90 million).

NOTE V – Summary of Loans as at June 30, 2005

(Amounts in UA thousands)

Country	No of Loans*	Total Loans*	Unsigned Loans	Undisbursed Balance	Outstanding Balance*	% of Total Loans
Algeria	9	423,403	-	124,831	298,572	5.36
Angola	4	3,038	-	-	3,038	0.05
Botswana	8	27,122	-	-	27,122	0.49
Burundi	1	2	-	-	2	0.00
Cameroon	8	104,240	-	25,291	78,950	1.42
Centrafrique**	1	2,404	-	-	2,404	0.04
Comoros**	1	6,345	-	-	6,345	0.11
Congo	5	64,432	-	-	64,432	1.16
Côte D'Ivoire**	14	362,267	-	4,089	358,178	6.43
Dem Rep Congo	10	759,920	-	-	759,920	13.64
Egypt	8	260,284	-	15,240	245,043	4.40
Ethiopia	7	61,224	-	-	61,224	1.10
Gabon	17	261,911	-	51,921	209,990	3.77
Ghana	5	31,405	-	-	31,405	0.56
Guinea	5	25,981	-	-	25,981	0.47
Kenya	4	21,857	-	-	21,857	0.39
Lesotho	2	2,647	-	-	2,647	0.05
Liberia	17	40,477	-	-	40,477	0.73
Malawi	1	8,040	-	-	8,040	0.14
Mauritania	2	39,108	-	0	39,108	0.70
Mauritius	9	37,160	7,770	25,864	3,526	0.06
Morocco	24	1,583,335	113,273	772,313	697,748	12.52
Multinational	6	72,967	32	32,578	40,357	0.72
Namibia	8	122,413	-	76,947	45,466	0.82
Nigeria	13	405,903	-	14,525	391,378	7.02
Senegal	4	50,408	-	-	50,408	0.90
Seychelles**	9	20,279	-	-	20,279	0.36
Somalia**	3	3,717	-	-	3,717	0.07
South Africa	4	219,804	-	34,326	185,478	3.33
Sudan**	5	55,367	-	-	55,367	0.99
Swaziland	10	113,702	-	46,866	66,836	1.20
Tanzania	1	4,718	-	-	4,718	0.08
Tunisia	40	1,649,134	136,974	354,569	1,157,592	20.77
Uganda	1	2,514	-	-	2,514	0.05
Zambia	7	33,263	-	-	33,263	0.60
Zimbabwe**	12	198,520	-	-	198,520	3.56
Total Public Sector	285	7,079,314	258,050	1,579,360	5,241,905	94.07
Total Private Sector	32	528,058	116,709	81,146	330,202	5.93
	317	7,607,372	374,759	1,660,506	5,572,107	100.00

*Slight differences may occur in totals due to rounding

*Excludes fully repaid loans and cancelled loans.

** Country in non-accrual status as at 30 June 2005

AFRICAN DEVELOPMENT BANK

AFRICAN DEVELOPMENT BANK

NOTE W - Statement of Subscriptions to the Capital Stock and Voting Power as at 30 June, 2005

[Amounts in UA thousands]

MEMBER STATES	PRE - GCI - IV (3)				GCI - IV (4)				GCI - V (5)				Total (7) shares	% of Total	Callable Capital	Paid-up Capital	Amount due	Amount paid	Amounts in arrears	Excess (2) payments	Number (1) of Votes	Voting Power	No.
	Paid-up share	Callable shares	Total	Paid-in shares	Paid-in shares	Callable shares	Total	Total (6) shares	Paid-in shares	Callable shares	Total	Total (7) shares											
1 ALGERIA	4,493	31,451	35,944	4,022	3,974	28,155	32,129	68,072	903	555	14,154	14,709	82,781	3,830	737,600	90,210	90,210	90,210	-	21	83,407	3,782	1
2 ANGOLA	2,003	14,023	16,027	610	510	4,273	4,883	20,910	270	202	4,225	4,427	23,337	1,172	225,172	28,157	28,157	28,157	-	5	25,963	1,177	2
3 BENIN	201	1,406	1,607	236	236	1,652	1,888	3,494	46	45	706	751	4,245	0,196	27,633	4,167	4,167	4,167	-	4	4,871	0,221	3
4 BOTSWANA	1,982	13,871	15,853	2,816	2,816	19,713	22,529	38,381	485	309	7,757	8,066	46,467	2,149	413,085	51,055	51,055	51,055	-	4	47,071	2,135	4
5 BURKINA FASO	264	1,847	2,111	782	782	5,334	6,066	8,206	80	39	1,243	1,282	5,195	0,139	10,848	10,645	10,645	10,645	606	8	9,629	0,437	5
6 BURUNDI	419	2,931	3,350	228	228	1,584	1,822	5,172	80	80	45,256	45,336	5,195	0,239	65,256	6,465	6,465	6,465	-	8	5,797	0,263	6
7 CAMEROON	1,346	9,422	10,768	1,037	972	7,280	8,222	19,000	214	214	3,355	3,569	22,557	1,044	209,371	25,308	25,308	25,308	-	12	23,194	1,052	7
8 CAPE VERDE	138	966	1,104	71	497	586	1,072	1,672	-	-	1,672	1,672	2,457	0,777	14,630	2,090	2,090	2,090	-	-	1,598	0,072	9
9 CENT.AFR.REP.	102	714	816	20	20	137	157	162	-	-	1,672	1,672	1,672	0,000	14,360	1,217	1,217	1,217	-	-	2,265	0,103	10
10 CHAD	139	975	1,114	66	66	461	527	1,041	-	-	1,041	1,041	1,041	0,000	4,250	560	560	560	-	6	1,081	0,049	11
11 COMOROS	50	350	400	11	6	73	84	161	-	-	1,320	1,362	10,065	0,466	89,363	11,310	11,310	11,310	-	0	10,691	0,485	12
12 CONGO	719	5,033	5,752	389	389	2,821	3,210	8,701	84	42	1,320	1,362	10,065	0,466	89,363	11,310	11,310	11,310	-	0	80,053	3,630	13
13 COTE D'IVOIRE	738	26,166	26,904	6,388	6,388	44,116	51,104	81,008	-	-	81,008	81,008	22,740	0,000	101,260	99,285	99,285	99,285	1,975	-	23,365	1,060	14
14 COTE D'IVOIRE	2,294	16,080	18,355	948	948	3,637	4,185	11,133	-	-	11,133	11,133	11,133	0,000	198,975	28,426	28,426	28,426	-	-	1,838	0,083	15
15 COTE D'IVOIRE	710	5,270	6,080	325	325	2,253	2,578	6,000	1,187	741	18,602	19,343	111,363	5,153	991,370	122,460	122,460	122,460	-	9	112,009	5,080	16
16 ETHIOPIA	52	382	434	322	322	2,253	2,578	6,000	5	3	84	87	3,463	0,160	30,713	3,918	3,918	3,918	-	6	4,089	0,185	17
17 GUINEA	2,367	16,589	18,956	1,211	1,104	7,778	8,932	26,096	337	235	5,274	5,549	31,606	1,462	291,080	34,970	34,970	34,970	-	9	32,232	1,462	25
18 GUINEA	1,373	9,611	10,984	2,030	2,100	14,215	16,245	27,229	369	230	5,765	6,015	34,640	1,603	308,310	38,080	38,080	38,080	-	6	35,265	1,589	19
19 ETHIOPIA	183	1,351	1,534	169	158	1,179	1,335	2,879	31	23	483	506	3,384	0,157	238,255	34,037	34,037	34,037	-	7	27,854	1,283	20
20 GAMBIA	2,821	20,447	23,268	1,973	1,896	13,802	15,698	30,066	634	327	9,926	10,253	49,270	2,282	441,751	51,429	51,429	51,429	-	24	49,945	2,265	22
21 GAMBIA	678	4,745	5,423	348	348	2,436	2,784	6,000	67	26	1,036	1,062	6,000	0,028	5,250	750	750	750	-	5	9,695	0,449	23
22 GUINEA	75	525	600	-	-	-	-	-	-	-	-	-	-	-	750	750	750	750	-	-	1,225	0,056	24
23 GUINEA BISSAU	2,158	15,106	17,264	1,104	1,104	7,778	8,932	26,096	337	235	5,274	5,549	31,606	1,462	291,080	34,970	34,970	34,970	-	9	32,232	1,462	25
24 KENYA	226	1,582	1,808	116	116	812	928	2,736	35	21	553	574	3,310	0,153	3,310	3,630	3,630	3,630	-	11	3,936	0,178	26
25 LESOTHO	422	2,954	3,376	107	107	748	855	4,231	-	-	4,231	4,231	79,544	3,680	37,017	5,287	5,287	5,287	-	-	4,855	0,220	27
26 LIBERIA	4,914	34,400	39,314	3,302	3,302	23,114	26,416	65,730	848	530	13,284	13,814	79,544	3,680	87,463	87,463	87,463	87,463	-	-	80,169	3,636	28
27 MADAGASCAR	964	6,748	7,712	493	493	3,451	3,944	11,656	150	93	2,356	2,449	14,105	0,289	125,550	15,500	15,500	15,500	-	8	14,731	0,668	29
28 MADAGASCAR	535	3,745	4,280	274	274	1,918	2,192	6,472	-	-	6,472	6,472	6,472	0,289	56,830	8,090	8,090	8,090	-	-	7,097	0,322	30
29 MALAWI	150	1,052	1,202	653	653	5,971	6,624	8,026	91	52	1,418	1,470	9,456	0,439	84,411	10,545	10,545	10,545	-	2	10,122	0,459	31
30 MAURITANIA	119	835	954	423	423	2,960	3,383	4,336	-	-	4,336	4,336	4,336	0,201	37,944	5,419	5,419	5,419	-	-	3,838	0,174	32
31 MAURITANIA	959	6,713	7,672	491	491	3,437	3,928	11,600	150	93	2,344	2,437	14,037	0,649	124,940	15,430	15,430	15,430	-	8	14,663	0,665	33
32 MAURITANIA	5072	35,504	40,576	2,363	2,363	16,541	18,904	59,480	767	767	12,021	12,788	72,268	3,343	640,660	82,020	82,020	82,020	-	-	72,894	3,306	34
33 MAURITANIA	936	6,547	7,483	481	481	3,367	3,848	11,331	146	91	2,290	2,381	13,711	0,634	122,038	15,084	15,084	15,084	-	4	14,336	0,650	35
34 MOZAMBIQUE	691	4,835	5,526	-	-	-	-	-	-	-	-	-	-	-	48,353	6,908	6,908	6,908	-	-	6,151	0,279	37
35 NIGERIA	13,208	92,456	105,664	7,652	7,176	50,754	57,930	163,594	2,056	1,136	32,199	33,335	196,928	9,110	1,754,084	215,200	215,200	215,200	-	8	197,553	8,959	38
36 NIGERIA	13,208	92,456	105,664	7,652	7,176	50,754	57,930	163,594	2,056	1,136	32,199	33,335	196,928	9,110	1,754,084	215,200	215,200	215,200	-	-	3,581	0,162	39
37 RWANDA	129	905	1,034	57	57	398	454	1,488	-	-	1,488	1,488	1,488	0,069	13,024	1,864	1,864	1,864	-	-	2,113	0,096	40
38 SAO TOME & P.	1,523	10,659	12,182	843	824	5,897	6,721	18,903	238	148	3,723	3,871	22,778	1,054	202,793	24,948	24,948	24,948	-	9	23,400	1,061	41
39 SAO TOME & P.	1,523	10,659	12,182	843	824	5,897	6,721	18,903	238	148	3,723	3,871	22,778	1,054	202,793	24,948	24,948	24,948	-	-	1,845	0,084	42
40 SAO TOME & P.	1,523	10,659	12,182	843	824	5,897	6,721	18,903	238	148	3,723	3,871	22,778	1,054	202,793	24,948	24,948	24,948	-	-	5,924	0,269	43
41 SENEGAL	138	966	1,104	10	10	70	80	1,184	-	-	1,184	1,184	1,184	0,000	46,361	6,624	6,624	6,624	-	-	2,506	0,116	44
42 SEYCHELLES	406	2,842	3,248	256	256	1,784	2,040	5,288	-	-	5,288	5,288	5,288	0,245	46,361	6,624	6,624	6,624	-	-	5,924	0,269	43
43 SIERRA LEONE	217	1,521	1,738	25	25	178	203	1,941	-	-	1,941	1,941	1,941	0,000	16,988	2,427	2,427	2,427	-	-	2,506	0,116	44
44 SOMALIA	4,466	33,044	37,510	3,749	3,749	26,760	30,509	37,490	3,113	1,582	48,762	50,344	87,833	4,063	618,069	69,270	69,270	69,270	-	14	68,459	4,012	45
45 SOUTH AFRICA	845	5,919	6,764	258	238	1,807	2,065	8,829	-	-	8,829	8,829	8,829	0,408	77,257	11,036	11,036	11,036	-	-	9,454	0,429	46
46 SWAZILAND	493	3,451	3,944	253	253	1,771	2,024	5,968	77	48	1,206	1,250	7,222	0,334	64,280	7,940	7,940	7,940	-	1	7,847	0,356	47
47 TANZANIA	957	6,697	7,654	960	960	6,802	7,762	16,225	177	127	2,763	2,890	16,225	0,843	161,805	20,437	20,437	20,437	-	1	16,850	0,855	48
48 TANZANIA	345	2,418	2,763,49	86	86	602	688	3,451	-	-	3,451	3,451	3,451	0,160	30,301	4,314	4,314	4,314	-	-	4,077	0,185	49
49 TOGO	2,075	14,525	16,600	1,062	1,062	7,344	8,406	25,097	324	202	5,072	5,274	30,371	1,405	270,310	33,390	33,390	33,390	-	5	30,986	1,406	50
50 TUNISIA	724	5,065	5,788	570	570	3,990	4,560	10,348	54	13	832	845	11,193	0,518	98,863	13,063	13,063	13,063	-	3	11,818	0,536	51
51 UGANDA	2,905	20,334	23,239	225	112	3,521	3,633	26,872	225	112	3,521	3,633	26,872	1,243	238,553	30,169	30,169	30,169	-	-	27,497	1,247	52
52 ZAMBIA	3,445	24,115	27,560	1,763	1,763	12,341	14,104	41,664	336	134	5,266	5,400	47,064	2,177	417,221	53,420	53,420	53,420	-				

AFRICAN DEVELOPMENT BANK

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NOTE W (cont.) - Statement of Subscriptions to the Capital Stock and Voting Power as at 30 June, 2005

(Amounts in US thousands)

MEMBER STATES	PRE - GCI-IV (3)				GCI-IV (4)				GCI-V (5)				Total (7) shares	% of Total	Catable Capital	Paid-up Capital	Amount due	Amount paid	Amounts Excess (2) in arrears payments	Number (1) of Votes	Voting power No.
	Paid-up share	Catable shares	Total	Paid-in shares	Paid-up shares	Catable shares	Total	Paid-in shares	Paid-up shares	Catable shares	Total	Paid-in shares									
TOTAL REGIONALS	78,034	546,229	624,263	55,912	395,871	451,783	1,075,845	13,021	8,211	213,233	221,534	1,297,380	60,020	11,552,225	1,421,540	1,417,053	4,701	215	1,326,689	60,164	
ARGENTINA	499	3,493	3,992	250	1,750	2,000	3,992	112	55	1,743	1,798	5,790	0,268	52,364	5,540	5,540	-	9	6,416	0,291	
AUSTRALIA	489	3,493	3,992	250	1,750	2,000	3,992	223	139	3,492	3,631	9,623	0,445	87,350	8,880	8,880	-	4	10,248	0,465	
BELGIUM	718	5,026	5,744	369	2,513	2,872	5,744	321	240	5,021	5,261	13,877	0,442	125,600	13,170	13,170	-	6	14,503	0,658	
BRAZIL	489	3,493	3,992	250	1,750	2,000	3,992	221	137	3,461	3,598	9,590	0,444	87,036	8,860	8,860	-	4	10,215	0,463	
CANADA	4,200	29,400	33,600	2,100	14,700	16,800	33,600	1,875	1,640	29,373	31,013	81,413	3,166	734,790	79,400	79,400	-	6	82,040	3,720	
CHINA	1,250	8,750	10,000	625	4,375	5,000	10,000	558	348	8,742	9,090	24,090	1,114	218,670	22,230	22,230	-	8	24,716	1,121	
DENMARK	1,295	9,065	10,360	647	4,529	5,176	10,360	578	433	9,054	9,487	25,023	1,158	226,480	23,750	23,750	-	5	25,649	1,163	
FINLAND	547	3,829	4,376	273	1,911	2,184	4,376	244	183	3,823	4,006	10,668	0,489	95,630	10,030	10,030	-	3	11,192	0,508	
FRANCE	4,200	29,400	33,600	2,100	14,700	16,800	33,600	1,875	1,640	29,373	30,779	81,179	3,756	734,790	77,060	77,060	-	3	81,805	3,710	
GERMANY	4,511	32,277	36,888	2,305	16,135	18,440	36,888	2,058	1,543	32,245	33,788	89,116	4,123	896,570	84,590	84,590	-	5	89,742	4,070	
INDIA	250	1,750	2,000	125	875	1,000	2,000	112	70	1,748	1,818	4,818	0,223	43,730	4,450	4,450	-	5	5,443	0,247	
ITALY	2,708	18,956	21,664	1,354	9,478	10,832	21,664	1,209	906	18,939	19,845	52,341	2,421	473,730	49,680	49,680	-	8	52,967	2,402	
JAPAN	6,142	42,994	49,136	3,071	21,497	24,568	49,136	2,742	2,056	42,964	45,010	118,714	5,492	1,074,490	112,690	112,690	-	5	119,340	5,412	
KOREA	489	3,493	3,992	250	1,750	2,000	3,992	223	139	3,492	3,631	9,623	0,445	87,350	8,880	8,880	-	4	10,248	0,465	
KUWAIT	489	3,493	3,992	250	1,750	2,000	3,992	223	139	3,492	3,631	9,623	0,445	87,350	8,880	8,880	-	4	10,248	0,465	
NETHERLANDS	853	5,971	6,824	426	2,962	3,408	6,824	381	281	5,963	6,344	16,576	0,767	149,160	16,001	16,001	-	5	17,202	0,760	
NORWAY	1,255	9,065	10,360	647	4,529	5,176	10,360	578	433	9,054	9,487	25,023	1,158	226,480	23,750	23,750	-	5	25,649	1,163	
PORTUGAL	325	2,275	2,600	126	862	1,000	2,600	147	60	1,515	1,575	4,175	0,183	37,090	3,850	3,850	-	6	4,801	0,218	
SAUDI ARABIA	658	4,592	5,250	892	6,244	7,136	12,394	639	531	10,011	10,542	28,528	1,081	208,470	20,790	20,790	-	9	23,553	1,068	
SPAIN	1,728	12,096	13,824	864	6,048	6,912	12,756	771	601	12,085	12,686	33,309	1,482	302,290	30,730	30,730	-	9	33,928	1,539	
SWEDEN	1,840	11,480	13,320	820	5,740	6,560	12,320	732	457	11,470	11,927	31,607	1,462	286,900	29,170	29,170	-	5	32,233	1,462	
SWITZERLAND	1,881	5,643	7,524	940	14,100	15,040	22,564	839	524	13,151	13,675	36,239	1,677	328,940	33,450	33,450	-	4	36,864	1,672	
U.K.	7,455	22,365	29,820	3,727	25,905	29,632	59,632	89,452	3,328	2,444	52,132	54,576	144,028	6,663	1,304,020	136,260	136,260	-	5	143,846	6,523
TOTAL	44,501	274,163	318,664	22,401	194,143	216,544	535,208	20,052	14,898	314,066	328,964	864,202	39,980	7,824,020	818,010	818,116	-	108	878,415	39,838	
NON-REGIONALS	122,535	820,392	942,928	79,929	78,313	568,814	668,127	1,611,054	33,673	23,109	527,419	550,528	2,161,582	100,000	19,976,245	2,239,550	2,235,169	4,701	322	2,205,105	89,899
GRAND TOTAL	166,536	1,094,555	1,261,592	102,330	272,463	313,088	1,170,412	1,076,257	28,267	345,485	380,518	1,354,808	60,980	19,996,265	1,421,540	1,417,053	4,701	322	1,326,689	60,164	

NOTES:

- The Bank Agreement provides that each member shall have 625 votes in addition to one vote for each share subscribed by that member.
- Excess payments will be applied to future installments.
- Pre-GCI-IV for Regional member states is made up of Initial, Voluntary, First General Increase, Second General Increase and Third General Increase of capital subscriptions. For Non-Regional member states, it refers to their initial capital subscription to the Bank. (The ratio of the paid-up to the catable capital is 1:1).
- The GCI-IV refers to the fourth capital increase. Shares are issued only upon payment of cash installments or deposit of notes. The difference between the Paid-up shares and the Paid-up shares corresponds to the shares to be issued on payment of subsequent installments. (The ratio of the Paid-up to the Catable Capital is 1:1).
- The GCI-V refers to the fifth capital increase. Shares are issued only upon payment of cash installments or deposit of demand notes. The difference between the Paid-up shares and the Paid-up shares corresponds to the shares to be issued on payment of subsequent installments. (The ratio of the Paid-up to the Catable Capital is 1:1.52).
- "Total Shares" gives the sum of Pre-GCI-IV total shares subscribed and that of GCI-IV shares subscribed.
- "Total Shares" gives the sum of Pre-GCI-IV total shares subscribed, GCI-IV total shares subscribed and that of GCI-V shares subscribed.

Slight differences may occur in totals due to rounding.

AFRICAN DEVELOPMENT BANK

Supplementary Statement of Subscriptions to the Capital Stock as at 30 June, 2005
(Amounts in UA thousands)

MEMBER STATES	AMOUNT DUE			AMOUNT PAID			AMOUNT IN ARREARS			EXCESS PAYMENTS			
	Convertible Currency	Local Currency	Notes	Total	Convertible Currency	Local Currency	Notes*	Total	Convertible Currency	Local Currency	Notes	Total	
1 ALGERIA	80 100	7 750	2 360	90 210	80 121	7 750	2 360	90 231	-	-	-	21	21
2 ANGOLA	20 371	7 786	-	28 157	20 376	7 786	-	28 162	-	-	-	5	5
3 BENIN	4 817	-	-	4 817	4 817	-	-	4 817	-	-	-	-	4
4 BOTSWANA	41 683	9 383	-	51 065	41 686	9 383	-	51 069	-	-	-	4	4
5 BURKINA FASO	9 238	765	625	10 628	8 659	765	625	10 049	606	-	-	8	8
6 BURUNDI	6 465	-	-	6 465	6 465	-	-	6 465	-	-	-	-	5
7 CAMEROON	23 773	-	1 535	25 308	23 760	-	1 540	25 300	-	-	-	7	12
8 CAPE VERDE	2 090	-	-	2 090	2 090	-	-	2 090	-	-	-	-	8
9 CENT.AFR.REP	1 217	-	-	1 217	1 217	-	-	1 217	-	-	-	-	9
10 CHAD	2 052	-	-	2 052	2 052	-	-	2 052	-	-	-	-	10
11 COMOROS	510	-	50	560	511	-	55	566	-	-	-	5	6
12 CONGO	11 310	-	-	11 310	11 310	-	-	11 310	-	-	-	0	0
13 COTE D'IVOIRE	99 285	-	1 975	101 260	97 310	-	1 975	99 285	1 975	-	-	-	13
14 DEM.REP.CONGO	28 426	-	-	28 426	28 426	-	-	28 426	-	-	-	-	14
15 DJIBOUTI	1 517	-	-	1 517	1 517	-	-	1 517	-	-	-	0	0
16 EGYPT	122 460	-	-	122 460	122 469	-	-	122 469	-	-	-	9	9
17 EQ. GUINEA	2 043	-	1 875	3 918	2 049	-	1 875	3 924	-	-	-	6	6
18 ERITREA	3 222	-	-	3 222	2 506	-	-	2 506	716	-	-	-	17
19 ETHIOPIA	38 080	-	-	38 080	38 086	-	-	38 086	-	-	-	6	6
20 GABON	28 301	4 375	1 361	34 037	28 301	4 384	1 361	34 045	-	-	-	9	9
21 GAMBIA	2 766	639	-	3 405	2 773	639	-	3 412	-	-	-	-	20
22 GHANA	49 869	-	1 560	51 429	49 888	-	1 565	51 453	-	-	-	7	7
23 GUINEA	8 360	2 160	-	10 520	8 365	2 160	-	10 525	-	-	-	5	5
24 GUINEA BISSAU	750	-	-	750	750	-	-	750	-	-	-	-	24
25 KENYA	28 095	6 875	-	34 970	28 104	6 875	-	34 979	-	-	-	9	9
26 LESOTHO	3 630	-	-	3 630	3 641	-	-	3 641	-	-	-	11	11
27 LIBERIA	5 287	-	-	5 287	5 287	-	-	5 287	-	-	-	-	27
28 LIBYA	67 708	19 755	-	87 463	67 708	19 755	-	87 463	-	-	-	-	28
29 MADAGASCAR	15 500	-	-	15 500	15 508	-	-	15 508	-	-	-	8	8
30 MALAWI	8 090	-	-	8 090	8 090	-	-	8 090	-	-	-	-	30
31 MALI	9 920	-	625	10 545	9 922	-	625	10 547	-	-	-	2	2
32 MAURITANIA	5 419	-	-	5 419	4 015	-	-	4 015	1 404	-	-	-	32
33 MAURITIUS	12 375	3 055	-	15 430	12 383	3 055	-	15 438	-	-	-	8	8
34 MOROCCO	80 102	-	1 917	82 020	80 102	-	1 917	82 020	-	-	-	-	34
35 MOZAMBIQUE	15 084	-	-	15 084	15 089	-	-	15 089	-	-	-	-	35
36 NAMIBIA	8 100	-	-	8 100	8 104	-	-	8 104	-	-	-	-	36
37 NIGER	5 026	1 882	-	6 908	5 026	1 882	-	6 908	-	-	-	-	37
38 NIGERIA	169 020	44 915	1 265	215 200	169 028	44 915	1 265	215 208	-	-	-	8	8
39 RWANDA	3 253	-	-	3 253	3 253	-	-	3 253	-	-	-	-	39
40 SAO TOME & PRINCIPE	1 512	352	-	1 864	1 512	352	-	1 864	-	-	-	-	40
41 SENEGAL	19 894	4 739	315	24 948	19 903	4 739	315	24 957	-	-	-	9	9
42 SEYCHELLES	1 501	-	-	1 501	1 501	-	-	1 501	-	-	-	0	0
43 SIERRA LEONE	6 624	-	-	6 624	6 624	-	-	6 624	-	-	-	-	43
44 SOMALIA	2 427	-	-	2 427	2 427	-	-	2 427	-	-	-	-	44
45 SOUTH AFRICA	46 540	-	-	46 540	46 554	-	-	46 554	-	-	-	-	45
46 SUDAN	11 036	-	13 730	24 766	11 036	-	13 730	24 766	-	-	-	-	46
47 SWAZI	7 940	-	-	7 940	7 941	-	-	7 941	-	-	-	-	47
48 SWAZILAND	20 437	-	-	20 437	20 438	-	-	20 438	-	-	-	1	1
49 TOGO	4 314	-	-	4 314	4 314	-	-	4 314	-	-	-	-	49
50 TUNISIA	33 390	-	-	33 390	33 390	-	-	33 390	-	-	-	-	50
51 UGANDA	12 337	726	-	13 063	12 340	726	-	13 066	-	-	-	5	5
52 ZAMBIA	30 169	-	-	30 169	30 174	-	-	30 174	-	-	-	-	52
53 ZIMBABWE	53 420	-	-	53 420	53 423	-	-	53 423	-	-	-	-	53
TOTAL REGIONALS	1 276 875	115 157	29 508	1 421 540	1 272 362	115 166	29 523	1 417 053	4 701	-	-	191	15
TOTAL									4 701	9		215	

AFRICAN DEVELOPMENT BANK

(Amounts in UA thousands)

MEMBER STATES	AMOUNT DUE			AMOUNT PAID			AMOUNT IN ARREARS			EXCESS PAYMENTS						
	Convertible Currency	Local Currency	Notes	Total	Convertible Currency	Local Currency	Notes*	Total	Convertible Currency	Local Currency	Notes	Total	No			
TOTAL REGIONALS	1 276 875	115 157	29 508	1 421 540	1 272 362	115 166	29 523	1 417 053	4 701	-	-	4 701	191	9	15	215
1 ARGENTINA	5 540	-	-	5 540	5 549	-	-	5 549	-	-	-	-	9	-	-	9
2 AUSTRIA	8 880	-	-	8 880	8 884	-	-	8 884	-	-	-	-	4	-	-	4
3 BELGIUM	13 170	-	-	13 170	13 178	-	-	13 178	-	-	-	-	8	-	-	8
4 BRAZIL	8 860	-	-	8 860	8 864	-	-	8 864	-	-	-	-	4	-	-	4
5 CANADA	79 400	-	-	79 400	79 406	-	-	79 406	-	-	-	-	6	-	-	6
6 CHINA	22 230	-	-	22 230	22 238	-	-	22 238	-	-	-	-	8	-	-	8
7 DENMARK	23 750	-	-	23 750	23 755	-	-	23 755	-	-	-	-	5	-	-	5
8 FINLAND	10 030	-	-	10 030	10 030	-	-	10 030	-	-	-	-	-	-	-	8
9 FRANCE	77 060	-	-	77 060	77 063	-	-	77 063	-	-	-	-	3	-	-	3
10 GERMANY	84 590	-	-	84 590	84 595	-	-	84 595	-	-	-	-	5	-	-	5
11 INDIA	4 450	-	-	4 450	4 450	-	-	4 450	-	-	-	-	-	-	-	11
12 ITALY	49 680	-	-	49 680	49 688	-	-	49 688	-	-	-	-	8	-	-	8
13 JAPAN	112 690	-	-	112 690	112 695	-	-	112 695	-	-	-	-	5	-	-	5
14 KOREA	8 880	-	-	8 880	8 884	-	-	8 884	-	-	-	-	4	-	-	4
15 KOWAIT	9 163	-	558	9 720	9 163	-	558	9 720	-	-	-	-	-	-	-	15
16 NETHERLANDS	15 648	-	953	16 601	15 648	-	953	16 601	-	-	-	-	-	-	-	16
17 NORWAY	23 750	-	-	23 750	23 755	-	-	23 755	-	-	-	-	5	-	-	5
18 PORTUGAL	4 480	-	-	4 480	4 486	-	-	4 486	-	-	-	-	6	-	-	6
19 SAUDI ARABIA	3 850	-	-	3 850	3 856	-	-	3 856	-	-	-	-	6	-	-	6
20 SPAIN	17 932	-	2858	20 790	17 932	-	2858	20 790	-	-	-	-	-	-	-	20
21 SWEDEN	30 730	-	-	30 730	30 739	-	-	30 739	-	-	-	-	9	-	-	9
22 SWITZERLAND	29 170	-	-	29 170	29 175	-	-	29 175	-	-	-	-	5	-	-	5
23 U.K.	33 450	-	-	33 450	33 454	-	-	33 454	-	-	-	-	4	-	-	4
24 U.S.A.	136 260	-	-	136 260	136 265	-	-	136 265	-	-	-	-	5	-	-	5
TOTAL NON-REGIONALS	813 642	-	4 368	818 010	813 747	-	4 369	818 115	-	-	-	-	108	-	-	108
GRAND-TOTAL	2 090 517	115 157	33 876	2 239 550	2 086 109	115 166	33 892	2 235 168	4 701	-	-	4 701	299	9	15	322

*NOTE:

The UA amount of non negotiable notes on the balance sheet is the revalued USD and EUR equivalent of outstanding balances converted at the fixed exchange rates of 1 UA = USD 1.20635 and 1UA = EUR 1.30777

Slight differences may occur in totals due to rounding.